

HOME INVESTMENT PARTNERSHIPS ACT LOAN AGREEMENT

Between

COUNTY OF SAN BERNARDINO

and

Loma Linda Vets, L.P.

(Loma Linda Veterans Village)

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HOME INVESTMENT PARTNERSHIPS ACT LOAN AGREEMENT
(Loma Linda Veterans Village)

This HOME Investment Partnerships Act Loan Agreement (the "Agreement") is dated July __, 2016 (the "Effective Date"), and is between the County of San Bernardino, a political subdivision of the State of California (the "County"), and Loma Linda Vets, LP, a California limited partnership ("Borrower").

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Agreement.

B. Pursuant to the terms of the Sub-Recipient Agreement, the County has received Home Investment Partnerships Act funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Housing Act of 1990 ("HOME Funds"). The HOME Funds must be used by the County in accordance with 24 C.F.R. Part 92.

C. The Borrower is or concurrently herewith will own a fee interest in the real property located at 25259 - 25303 Van Leuven Street, in the City of Loma Linda, County of San Bernardino, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct an eighty-seven (87) unit multifamily affordable housing development (including one two-bedroom manager's unit) (the "Improvements"). The Improvements and the Property are referred to as the "Development."

D. Borrower desires to borrow from the County and the County desires to lend Borrower Two Million One Hundred Thousand Dollars (\$2,100,000) of HOME Funds (the "Loan"). The Loan will be evidenced by the Note and secured by the Deed of Trust, as defined below.

E. The Loan is being made to finance construction costs associated with the Development in order to help achieve financial feasibility for the Development. The Development will increase the supply of affordable rental housing in San Bernardino County. Due to the assistance provided Borrower pursuant to this Agreement, the County has classified fifteen (15) units as HOME-assisted units (each such unit a "HOME-Assisted Unit"), which Units are "floating" Units as defined in 24 C.F.R. 92.252(j). The HOME-Assisted Units are required to be three (3) one-bedroom Units, nine (9) two-bedroom Units, and three (3) three-bedroom Units and are to be intermingled throughout the Development and of comparable quality to all other Units and must meet the Uniform Federal Accessibility Standards and Section 3.8(g) below. The balance of the Units are to be made available to, and occupied by, very low income households and low income households pursuant to the terms of the Regulatory Agreement.

F. The City of Loma Linda has prepared a Mitigated Negative Declaration under the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) ("CEQA") requirements, pursuant to 14 CCR Section 15070. The County, as responsible

agency, considered the environmental effects of the Development as show in the Mitigated Negative Declaration and determined that no further CEQA analysis is required pursuant to 14 California Code of Regulations Section 15162.

G. In accordance with the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321-4347) ("NEPA"), the County has completed and approved all applicable environmental review for the activities proposed to be undertaken under this Agreement and issued a Finding of No Significant Impact.

The Parties therefore agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following terms have the following meanings:

- (a) "Agreement" means this HOME Investment Partnerships Act Loan Agreement.
- (b) "Annual Payment" has the meaning set forth in Section 2.7(b).
- (c) "Approved Development Budget" means the proforma development budget, including sources and uses of funds, as approved by the County, and attached hereto and incorporated herein as Exhibit B as such may be modified pursuant to Section 3.15.
- (d) "Approved Financing" means all of the following loans, grants and equity obtained by Borrower and approved by the County for the purpose of financing the Development:
 - (1) A construction loan in the approximate amount of Twenty Seven Million Seven Hundred Fifty Thousand Dollars (\$27,750,000) (the "Construction Loan");
 - (2) A permanent loan in the approximate amount of Three Million Nine Hundred Seventy-Three Thousand Two Hundred Fifty-Eight Dollars (\$3,973,258) (the "Permanent Loan");
 - (3) Low Income Housing Tax Credit investor limited partner capital contribution in the approximate amount of Twenty Two Million Five Thousand Fifty-Nine Dollars (\$22,005,059) (the "Tax Credit Investor Equity");
 - (4) A Veteran's Housing and Homelessness Prevention Program loan from the California Department of Housing and Community Development ("HCD") of approximately Three Million Eight Hundred Thousand Dollars (\$3,800,000) (the "VHHP Loan"); and

(5) Deferred Developer Fees as described in Section 3.16(c), if any.

(e) "Acquisition Closing" means the date that Borrower acquires fee title to the Property and the Deed of Trust and Regulatory Agreement are recorded against the Borrower's fee interest in the Property.

(f) "Bid Package" means the package of documents Borrower's general contractor is required to distribute to potential bidders as part of the process of selecting subcontractors for the Development. The Bid Package is to include the following: (1) an invitation to bid; (2) copy of the proposed construction contract; and (3) all Construction Plans.

(g) "Borrower" has the meaning set forth in the first paragraph of this Agreement.

(h) "CEQA" has the meaning set forth in Paragraph F of the Recitals.

(i) "Certificate of Occupancy" means the certificate of occupancy or equivalent document issued by the City to certify completion of the construction of the Development.

(j) "City" means the City of Loma Linda, a municipal corporation.

(k) "Commencement of Construction" has the meaning set forth in Section 3.6.

(l) "Completion Component" has the meaning set forth in Section 2.6.

(m) "Completion Date" means the date that all of the following have occurred: (1) a temporary or final certificate of occupancy, or equivalent document is issued by the City to certify completion of the construction of the Development; (2) the final disbursement of HOME funds for the Development has been made; (3) the County has verified the Development complies with the property standards set forth in 24 CFR 92.251; and (4) all project completion information has been entered by the County into the Integrated Disbursement and Information System (IDIS).

(n) "Completion of Construction" has the meaning set forth in Section 3.7.

(o) "Construction Closing" means the date that all deeds of trust associated with Approved Financing necessary for the construction of the Development as shown on the Approved Development Budget are recorded against the Property.

(p) "Construction Component" has the meaning set forth in Section 2.6.

(q) "Construction Contract" has the meaning set forth in Section 3.3.

(r) "Construction Plans" means all construction documentation upon which Borrower and the General Contractor rely in constructing the Development on the Property (including the units in the Development, landscaping, parking, and common areas) as approved by the City, as applicable, and includes, but is not limited to, final architectural drawings,

landscaping plans and specifications, final elevations, building plans and specifications, and scope of construction working drawings.

(s) "County" has the meaning set forth in the first paragraph of this Agreement.

(t) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing among Borrower, as Trustor, a trustee approved by the County, and the County, as beneficiary, that will encumber the Property to secure repayment of the Loan and performance of the covenants of the Loan Documents. A copy of the form of Deed of Trust is attached as Exhibit E.

(u) "Default Rate" has the meaning set forth in Section 6.2(d).

(v) "Developer Fee" has the meaning set forth in Section 3.16 and includes the Deferred Developer Fee defined in subsection 3.16(a).

(w) "Development" has the meaning set forth in Paragraph C of the Recitals.

(x) "Escrow" means the escrow account established by the Borrower for the closing of Development financing with North American Title Insurance Company in its Costa Mesa California office, located at 3090 Bristol Street, Suite 190, Costa Mesa, California 92626, or another escrow company satisfactory to the County.

(y) "Event of Default" has the meaning set forth in Section 6.1.

(z) "Final Cost Certification" has the meaning set forth in Section 4.1.

(aa) "Final Development Cost" means the total of the cost of acquisition, development and construction (including soft costs) of the Development as shown on the Final Cost Certification, including the payment of the Deferred Developer Fee pursuant to Section 3.16 below.

(bb) "General Contractor" has the meaning set forth in Section 3.3.

(cc) "Hazardous Materials" has the meaning set forth in Section 4.7.

(dd) "Hazardous Materials Claims" has the meaning set forth in Section 4.7.

(ee) "Hazardous Materials Law" has the meaning set forth in Section 4.7.

(ff) "HOME" means the HOME Investment Partnerships Act Program pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 (42 U.S.C. 12705 et seq.), as amended.

(gg) "HOME-Assisted Units" has the meaning set forth in Recital E.

(hh) "HOME Funds" has the meaning set forth in Paragraph B of the Recitals.

(ii) "HOME Term" means the period beginning on the date of this Agreement and ending on the twentieth (20th) anniversary of the Completion Date.

(jj) "HUD" has the meaning set forth in Paragraph B of the Recitals.

(kk) "Improvements" has the meaning set forth in Paragraph C of the Recitals.

(ll) "Investor Limited Partner" means tax credit investor limited partner entity admitted to the Partnership for purposes of syndicating federal low-income housing tax credits established pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

(mm) "Loan" has the meaning set forth in Paragraph D of the Recitals.

(nn) "Loan Documents" means this Agreement, the Note, the Regulatory Agreement, and the Deed of Trust.

(oo) "Marketing Plan" has the meaning set forth in Section 3.17(a).

(pp) "NEPA" has the meaning set forth in Paragraph G of the Recitals.

(qq) "Net Proceeds of Permanent Financing" means the amount by which Permanent Financing exceeds the Final Development Costs.

(rr) "Note" means the Promissory Note that evidences Borrower's obligation to repay the Loan. A copy of the form of Note is attached as Exhibit D.

(ss) "Notice of Completion" means the Notice of Completion executed by Borrower in the form specified in California Civil Code Section 3093.

(tt) "Partnership Agreement" means the Agreement of Limited Partnership executed by the partners of Borrower, to be amended and restated upon admittance of the Investor Limited Partner to the partnership, and as may be further amended pursuant to the requirements of Section 4.13(c)(ii) hereof.

(uu) "Permanent Closing" means the date that all deeds of trust (or assignments of deeds of trust) associated with Approved Financing necessary for the permanent financing of the Development as shown on the Approved Development Budget, including the VHPP Loan deed of trust, have been recorded against the Property are converted to permanent loan deeds of trust, which shall also be referenced as the "Conversion Date".

(vv) "Permanent Financing" means the sum of the following amounts: (1) the VHHP Loan; (3) the Permanent Loan; and (5) the Loan.

(ww) "Permitted Limited Partner" has the meaning set forth in Section 6.5.

(xx) "Permitted Transfer" has the meaning set forth in Section 4.13.

(yy) "Predevelopment Component" has the meaning set forth in Section 2.6.

(zz) "Property" has the meaning set forth in Paragraph C of the Recitals.

(aaa) "Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower related to the Loan, to be recorded against the Property. A copy of the form of Regulatory Agreement is attached as Exhibit F.

(bbb) "Residual Receipts" in a particular Calendar Year shall mean the amount by which Gross Revenue exceeds Annual Operating Expenses as further set forth in Section 2.7(a)(6).

(ccc) "Schedule of Performance" means the schedule for performance of various tasks and obligations under this Agreement that is attached as Exhibit C, as such may be modified pursuant to Section 3.1.

(ddd) "Senior Lender" has the meaning set forth in Section 2.5.

(eee) "Services Budget" has the meaning set forth in Section 3.18.

(fff) "Services Plan" has the meaning set forth in Section 3.18.

(ggg) "TCAC" means the California Tax Credit Allocation Committee.

(hhh) "Tenant" means the tenant household that occupies a unit in the Development.

(iii) "Term" means the period of time that commences on the date of this Agreement, and expires, unless sooner terminated in accordance with this Agreement, on the fifty-fifth (55th) anniversary of the Completion Date.

(jjj) "Transfer" has the meaning set forth in Section 4.13.

(kkk) "Unit" means one (1) of the approximately eighty-seven (87) housing units to be constructed.

Section 1.2 Exhibits.

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A:	Legal Description of the Property
Exhibit B:	Approved Development Budget
Exhibit C:	Schedule of Performance
Exhibit D:	Form of Promissory Note
Exhibit E:	Form of Deed of Trust
Exhibit F:	Form of Regulatory Agreement
Exhibit G:	Certification of Continuing Program Compliance
Exhibit H:	Section 3 Compliance
Exhibit I:	Statement of Residual Receipts

ARTICLE 2. LOAN PROVISIONS

Section 2.1 Loan.

The County shall lend to Borrower the Loan for the purposes set forth in Section 2.3 of this Agreement. Borrower's obligation to repay the Loan is evidenced by the Note.

Section 2.2 Interest.

(a) Subject to the provisions of Subsection (b) below, simple interest will accrue on the outstanding principal balance of the Loan at a per annum rate of simple interest equal to three percent (3%) commencing on the date of each disbursement.

(b) Upon the occurrence of an Event of a Default, interest on the Loan will begin to accrue, beginning on the date of such occurrence and continuing until the date the Loan is repaid in full or the Event of Default is cured, at the Default Rate.

Section 2.3 Use of Loan Funds.

(a) Borrower shall use the Loan to fund the predevelopment, construction and permanent financing of the Development consistent with the Approved Development Budget. Borrower shall use the Loan only to fund costs associated with the residential portions of the Development.

(b) No portion of the Loan shall be used to fund costs incurred more than twenty-four (24) months prior to the Effective Date or for any costs not allowed under 24 C.F.R. 92.206.

(c) Borrower may not use the Loan proceeds for any other purposes without the prior written consent of the County.

Section 2.4 Security.

(a) During Construction. Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust, and causing or permitting it to be recorded as a lien against the Property in second (2nd) lien priority to the deed of trust securing the Construction Loan, subject to Section 2.5 below. Borrower shall also cause or permit the Regulatory Agreement to be recorded against the Property, in a lien position prior to all Approved Financing.

(b) Post Conversion. Subject to Section 2.5 below, at conversion to permanent financing, the Deed of Trust, shall be recorded as a lien against the Property in third (3rd) lien priority to the deed of trust securing the Approved Financing in the following order: the Permanent Loan, the VHHP Loan, and the Loan, all. Borrower shall also cause or permit the Regulatory Agreement to be recorded against the Property, in a lien position prior to all Approved Financing.

Section 2.5 Subordination.

Any agreement by the County to subordinate the Deed of Trust to an encumbrance securing and/or evidencing Approved Financing (each such Approved Financing, a "Senior Loan"), will be subject to the satisfaction of each of the following conditions:

- (a) All of the proceeds of the proposed Senior Loan, less any transaction costs, are used to provide acquisition, construction and/or permanent financing for the Development;
- (b) The proposed lender of a Senior Loan (each a "Senior Lender") must be a state or federally chartered financial institution, a nonprofit corporation or a public entity that is not affiliated with Borrower or any of Borrower's affiliates, other than as a depositor or a lender, except as may otherwise be permitted by the County, at its sole and absolute discretion;
- (c) Borrower demonstrates to the County's satisfaction that subordination of the Deed of Trust is necessary to secure adequate acquisition, construction and/or permanent financing to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by the Loan Documents. To satisfy this requirement, Borrower must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate acquisition, construction and/or permanent financing to ensure the viability of the Development, and adequate financing for the Development would not be available without the proposed subordination.;
- (d) The subordination agreement(s) is structured to minimize the risk that the Deed of Trust will be extinguished as a result of a foreclosure by the Senior Lender or other holder of the Senior Loan. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by Borrower, including:
 - (i) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to Borrower; and
 - (ii) providing the County with a cure period of at least sixty (60) days to cure any default;
- (e) The subordination(s) of the Loan is effective only during the original term of the Senior Loan and any extension of its term that is approved in writing by the County;
- (f) The subordination does not limit the effect of the Deed of Trust before a foreclosure, nor require the consent of the Senior Lender prior to the County exercising any remedies available to the County under the Loan Documents; and
- (g) Upon a determination by the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director that the conditions in this Section have been satisfied, the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director or his/her designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval by the Board of Supervisors. Execution of any subordination agreement will evidence and constitute the

determination of the County that all requirements of this Section 2.5 have been satisfied or waived.

Section 2.6 Conditions Precedent to Disbursement of Loan Funds.

The disbursements made pursuant to this Section 2.6 may not exceed the amount of the Loan. The County shall disburse the Loan into Escrow in three components: (i) a "Predevelopment Component" in the amount of Nine Hundred Thousand Dollars (\$900,000); (ii) a "Construction Component" in the amount of Nine Hundred Ninety Thousand Dollars (\$990,000); and (iii) a "Completion Component" in the amount of Two Hundred Ten Thousand Dollars (\$210,000). The division of the Loan between the Predevelopment Component, the Construction Component and the Completion Component may be readjusted by the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director on behalf of the County without the need for formal amendment of this Agreement. The County will disburse the Predevelopment Component subject to the conditions precedent set forth in subsection (a) below, the Construction Component at the Construction Closing subject to the conditions precedent set forth in subsection (b) below (but in no event before the Construction Closing), and the Completion Component at Permanent Closing subject to the conditions precedent set forth in subsection (c).

(a) Predevelopment Component. The County is not obligated to make a disbursement of the Predevelopment Component prior to the Acquisition Closing, or to take any other action under the Loan Documents unless the following conditions precedent are satisfied:

(1) There exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Agreement;

(2) Borrower holds, or along with the first disbursement will hold, good and marketable fee title to the Property;

(3) Borrower has delivered to the County a copy of Borrower's organizational documents and a corporate authorizing resolution authorizing Borrower's execution of the Loan Documents and the transactions contemplated by the Loan Documents;

(4) There exists no material adverse change in the financial condition of Borrower from that shown by the financial statements and other data and information furnished by Borrower to the County prior to the date of this Agreement;

(5) Borrower has furnished the County with evidence of the insurance coverage meeting the requirements of Section 4.14 below;

(6) Borrower has caused to be executed and delivered to the County the Loan Documents and any other instruments, and policies required under the Loan Documents;

(7) The Deed of Trust and the Regulatory Agreement have been recorded against the Property in the Office of the Recorder of the County of San Bernardino, and recorded copies have been delivered to the County;

(8) Borrower is in compliance with the Schedule of Performance;

(9) All environmental review necessary for the construction of the Development has been completed, and Borrower has provided the County evidence of compliance with all CEQA and NEPA mitigation measures;

(10) The County has determined the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that Borrower has obtained in connection with the acquisition and construction of the Development, are not less than the amount the County determines is necessary to pay for the acquisition and construction of the Development and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreement;

(11) A title insurer reasonably acceptable to the County is unconditionally and irrevocably committed to issuing an LP-10 2006 ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the County, and containing such endorsements as the County may reasonably require. The Borrower shall provide whatever documentation (including an indemnification agreement), deposits or surety is reasonably required by the title company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any start of construction that has occurred prior to the recordation of the Deed of Trust against the Property in the Office of the Recorder of the County of San Bernardino;

(12) The County has received a written draw request from Borrower, including: (i) certification that the condition set forth in Section 2.6(a)(1) continues to be satisfied; (ii) certification that the proposed uses of funds consistent with the Approved Development Budget; (iii) the amount of funds needed; and (iv) where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. When a disbursement is requested to pay any contractor in connection with improvements on the Property, the written request must be accompanied by: (A) certification by the Borrower's architect reasonably acceptable to the County that the work for which disbursement is requested has been completed (although the County reserves the right to inspect the Property and make an independent evaluation); and (B) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to the County;

(b) Construction Component. The County is not obligated to make a disbursement of the Construction Component, or to take any other action under the Loan Documents unless the following conditions precedent are satisfied:

(1) All requirements set forth in Section 2.6(a) have been and continue to be satisfied and there exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Agreement;

(2) The County has received a copy of the General Contractor's Construction Contract as required pursuant to Section 3.3 below;

(3) The County has received and approved the labor and material (payment) bonds as required pursuant to Section 3.5 below;

(4) Borrower has executed a Partnership Agreement approved by the County, with the Investor Limited Partner, in which the tax credit equity investor is obligated to provide Borrower the Tax Credit Investor Equity;

(5) Borrower has closed, or is concurrently closing, on the Construction Loan and is eligible to receive the proceeds of all construction loans and has received the amount of Tax Credit Investor Equity stated as the a first installment in the Partnership Agreement (estimated to be approximately Three Million Four Hundred Thousand Dollars (\$3,400,000));

(6) Borrower has obtained all permits and approvals necessary for the construction of the Development, as required by Section 3.2, provided however the Borrower may satisfy this requirement with regards to the building permit, if the Borrower provides the County with a permit ready letter from the City Building Department;

(7) Borrower has submitted a certification from the architect certifying that the plans and specifications and design documents for the Development ensure that the Units are in compliance with Section 3.8(g) of this Agreement;

(8) The County has received reasonable evidence that the local match requirements set forth in 24 C.F.R. Section 92.218 et seq., have been satisfied pursuant to Section 5.1 of this Agreement;

(9) There exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Agreement;

(10) The County has received a written draw request from Borrower, including (1) certification that the conditions set forth in Section 2.6(a) continue to be satisfied, (2) certification that the proposed use of funds is consistent with the Approved Development Budget, (3) the amount of funds needed, and, (4) where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. Notwithstanding anything to the contrary, if the conditions set forth in this subsection (b) have been satisfied by the Construction Closing, Borrower shall be eligible to draw down the Construction Component simultaneously with the Construction Closing; and

(c) Completion Component. The County is not obligated to make a disbursement of the Completion Component at Permanent Closing, or to take any other action under the Loan Documents unless the following conditions precedent are satisfied:

(1) All requirements set forth in Section 2.6(a) and 2.6(b) have been and continue to be satisfied and there exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default under this Agreement;

(2) The County has received a copy of the a Certificate of Completion issued by the City for the Development;

(3) The County has received satisfactory evidence that the Units are rented to eligible tenants at the required rents in compliance with the requirements of this Agreement and the Regulatory Agreement;

(4) The Borrower has satisfied all conditions for the receipt of the installment of the Tax Credit Investor Equity attributable to conversion of the Construction Loan to permanent financing, consistent with Borrower's Partnership Agreement;

(5) The County has received from Borrower current evidence of the insurance coverage meeting the requirements of Section 4.14 below;

(6) The County has received and approved a report setting forth: (i) the income, household size, race, and ethnicity of Tenants of the Units; (ii) the unit size, rent amount and utility allowance for all Units; and (iii) the accessible units in the Development pursuant to Section 3.8(g);

(7) The County has received a draft of the Final Cost Certification for the Development from Borrower showing all uses and sources;

(8) The County has received from Borrower and approved a form of Tenant lease;

(9) The County has received from Borrower and approved the Marketing Plan;

(10) The County has received from Borrower and approved a copy of the Services Plan for the provision of service to residents;

(11) The County has received from Borrower all relevant contract activity information, including compliance with Section 3 (including items included in Exhibit H of this Agreement, incorporated herein by this reference) and MBE/WBE requirements;

(12) Borrower has submitted a certification from the architect certifying that the Units have been constructed in compliance with Section 3.8(g) of this Agreement;

(13) The County has received from Borrower a copy of the management agreement and contact information for the property manager of the Development and the name and phone number of the on-site property manager;

(14) If Borrower is required to pay prevailing wages under the Davis-Bacon Act (40 U.S.C. 3141-3148), the Borrower has submitted copies of all certified payrolls to the County, and any identified payment issues have been resolved, or Borrower is working diligently to resolve any such issues;

(15) The County has received a written draw request from Borrower, including (1) certification that the condition set forth in Section 2.6(a) and 2.6(b) continue to be satisfied, (2) certification that the proposed use of funds is consistent with the Approved Development Budget, (3) the amount of funds needed, and, (4) where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

(d) The Borrower hereby agrees and acknowledges that the County will have not less than forty-five days (45) days from the date the County receives a completed draw request to disburse funds under this Section 2.6.

(e) All funds to be disbursed pursuant to this Agreement shall be available to be disbursed to a Senior Lender, if and to the extent, the Senior Lender takes over the construction of the Development, the Senior Lender agrees to be bound to the terms hereof and the Senior Lender has cured any Default of the Borrower.

Section 2.7 Repayment Schedule.

(a) Special Definitions. The following definitions apply to this Section 2.7:

(1) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development, and subject to the limits contained in the Approved Development Budget:

(i) property taxes and assessments imposed on the Development;

(ii) debt service and associated fees currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans associated with development of the Development and approved by the County;

(iii) property management fees and reimbursements (including deferred payments of previously approved property management fees), on-site property management office expenses, and salaries of property management and maintenance personnel payable to a property manager approved by the County pursuant to the Regulatory Agreement, not to exceed amounts that are standard in the industry and pursuant to a management contract approved by the County pursuant to the Regulatory Agreement;

(iv) the Partnership Asset Management Fee;

(v) fees for accounting, audit, and legal services incurred by Borrower's general partner in the management of the Development, not to exceed amounts that are standard in the industry and to the extent not included in the Partnership Asset Management Fee;

(vi) premiums for property damage and liability insurance;

(vii) utility services not paid for directly by Tenants, including water, sewer, and trash collection;

(viii) maintenance and repair;

(ix) any annual license or certificate of occupancy fees required for operation of the Development;

- (x) security services;
- (xi) advertising and marketing;
- (xii) cash deposited into an operating reserve in an amount sufficient to replenish the operating reserve to the amount required by the Partnership Agreement approved by the County (approximately Two Hundred Ninety Thousand Dollars (\$290,000)) or the amount required in connection with the permanent financing (or any greater amount approved in writing by the County) but with the operating reserve capped at six (6) months gross rent from the Development (as such rent may vary from time to time);
- (xiii) payment of any previously unpaid portion of the Developer Fee (with interest at the applicable federal rate) due, not to exceed a cumulative Developer Fee in the maximum amount set forth in Section 3.16 below;
- (xiv) Fees or charges due on a non-optional basis on loans associated with the construction of the Development and approved by the County, including but not limited to inspection fees or compliance monitoring fees;
- (xv) Deposits to a replacement reserve account of Six Hundred Dollars (\$600) per unit per annum;
- (xvi) cash deposited into a transition reserve in an amount sufficient to replenish the transition reserve to the amount required by the provider of the VHHP Loan (approximately Seven Hundred Eighty-Five Thousand Two Hundred Twenty-Two Dollars (\$785,222)) or the amount required in connection with the permanent Transition Reserve;
- (xvii) extraordinary operating costs specifically approved in writing by the County;
- (xviii) payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the County and not listed above.

Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, any amount expended or withdrawn from any reserve account, and any capital cost associated with the Development, as determined by the accountant for Borrower.

(2) "County Prorata Percentage" means the County's prorata percentage of the Lender's Share of Residual Receipts, resulting from dividing the Loan funds disbursed to Borrower in accordance with this Agreement, by the sum of such Loan funds and the VHHP Loan funds or any other residual receipts loans included as Approved Financing and disbursed to Borrower. If all Loan funds and VHHP Loan funds are disbursed and repaid as anticipated, VHHP's Prorata Percentage is expected to be approximately Sixty-Four percent (64%) of the Lender's Share of Residual Receipts and the County's Prorata Percentage is

expected to be approximately Thirty-Six percent (36%) of the Lender's Share of Residual Receipts.

(3) "Gross Revenue" means for each calendar year, all revenue, income, receipts, and other consideration actually received from operation and leasing of the Development. Gross Revenue includes, but is not limited to:

- (i) all rents, fees and charges paid by Tenants;
- (ii) Section 8 payments or other rental subsidy payments received for the dwelling units;
- (iii) deposits forfeited by Tenants;
- (iv) all cancellation fees;
- (v) price index adjustments and any other rental adjustments to leases or rental agreements;
- (vi) net proceeds from vending and laundry room machines;
- (vii) the proceeds of business interruption or similar insurance not paid to Senior Lenders;
- (viii) the proceeds of casualty insurance not used to rebuild the Development; and
- (ix) condemnation awards for a taking of part or all of the Development for a temporary period, not paid to Senior Lenders.

Gross Revenue does not include Tenants' security deposits, loan proceeds, capital contributions or similar advances.

(4) "Lenders' Share of Residual Receipts" means fifty percent (50%) of the Residual Receipts, inclusive of any Residual Receipts payment due under the VHHP Loan.

(5) "Partnership Asset Management Fee" means the total of the annual partnership management fees and asset management fees payable to the limited partner or general partner of Borrower pursuant to Borrower's Partnership Agreement, in an amount not to exceed Twenty Thousand Dollars (\$20,000) per year, subject to an annual increase that is equal to three percent (3%), and in an amount to be approved by the County at the end of the tax credit compliance period for the remainder of the Term.

(6) "Residual Receipts" means for each calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses.

(7) "Statement of Residual Receipts" means an itemized statement of Residual Receipts, in the form attached here to as Exhibit J, incorporated herein by this reference. The first Statement of Residual Receipts will cover the period that begins on the

Completion Date and ends on December 31st of that same year. Subsequent statements of Residual Receipts will cover the twelve-month period that ends on December 31 of each year.

(b) Annual Payments. Commencing on April 1st of the year following the Completion Date, and on April 1st of each year thereafter during the Term, Borrower shall make a Loan payment in an amount equal to the County's Prorata Percentage of Lenders' Share of Residual Receipts (each, an "Annual Payment"). The County shall apply all Annual Payments as follows: (1) first, to accrued interest, and (2) second, to principal. On or prior to the date that Borrower pays its Annual Payment, Borrower shall submit the following to the County:

(1) The Statement of Residual Receipts for the relevant period, for the subject property;

(2) A statement from the independent public accountant that audited the Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lenders' Share of Residual Receipts is accurate based on Gross Revenue and Annual Operating Expenses; and

(3) Any additional documentation reasonably required by the County to substantiate Borrower's calculation of Lenders' Share of Residual Receipts.

(c) Special Repayment From Net Proceeds. Subject to the rights of Senior Lenders, and to the extent additional subordinate loan proceeds, equity or surplus development sources following the Final Cost Certification, no later than ten (10) days after the date Borrower receives its final Tax Credit Investor Equity contribution, Borrower shall pay to the County one-hundred percent (100%) of the Net Proceeds of Permanent Financing, as a special repayment of the Loan. No later than one hundred twenty (120) days following completion of construction of the Development, Borrower shall submit to the County for its review a preliminary calculation of the Net Proceeds of Permanent Financing and a draft of the Final Cost Certification as defined Section 4.1 below. The County shall approve or disapprove Borrower's determination of the amount of the Net Proceeds of Permanent Financing in writing within thirty (30) days of receipt. If Borrower's determination is disapproved by the County, Borrower shall re-submit documentation to the County until the County approval is obtained. Subject to the rights of Senior Lenders, notwithstanding anything to the contrary, the Borrower may request a deduction from the Net Proceeds of Permanent Financing to reduce the outstanding balance of the Deferred Developer Fee (subject to the restrictions in Section 3.16 hereof) upon approval from the County, which approval shall not be unreasonably withheld.

(d) Special Repayment For Un-leased Units. As required under 24 C.F.R. 92.252, if Borrower fails to lease any one of the HOME-Assisted Units within eighteen (18) months of the Completion of Construction of the Development, the Borrower shall pay to the County a proportionate share of the indebtedness of Borrower to the County under this Agreement and the Note attributable to each of the HOME-Assisted Units that has remained un-leased for the entire eighteen (18) month period, together with any accrued interest thereon calculated pursuant to Section 2.2, which amount shall be immediately due and payable. Amounts required to be repaid pursuant to this subsection (d) that are not immediately repaid as required hereunder a result of the limitations set forth in subsection (g) shall be added to the outstanding principal of the Loan and become part of the secured obligation of the Borrower.

(e) Payment in Full. Borrower shall pay all outstanding principal and accrued interest on the Loan, in full, on the earliest to occur of: (1) an Event of Default; and (2) the expiration of the Term.

(f) Prepayment. Borrower may prepay the Loan at any time without premium or penalty. However, the Regulatory Agreement and the Deed of Trust will remain in effect for the entire Term, regardless of any prepayment.

Section 2.8 Non-Recourse.

Except as provided below, upon recordation of the Deed of Trust against the Property, neither Borrower, nor any partner of Borrower, will have any direct or indirect personal liability for payment of the principal of, and interest on, the Loan or the performance of the covenants of Borrower under the Deed of Trust. Following recordation of the Deed of Trust, the sole recourse of the County with respect to the principal of, or interest on, the Note and defaults by Borrower in the performance of its covenants under the Deed of Trust will be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability limits or impairs the enforcement of all the rights and remedies of the County against all such security for the Note, or impairs the right of County to assert the unpaid principal amount of the Note as 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 to repay the principal of, and payment of interest on the Note and the performance of Borrower's obligations under the Deed of Trust. Except as hereafter set forth; nothing contained herein is intended to relieve Borrower of its obligation to indemnify the County under Sections 3.8, 4.6, 4.7, and 7.4 of this Agreement, or liability for: (a) loss or damage of any kind resulting from waste, fraud or willful misrepresentation; (b) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (c) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust; and (d) the misappropriation of any proceeds under any insurance policies or awards resulting from: (i) condemnation or the exercise of the power of eminent domain; or (ii) by reason of damage, loss, or destruction to any portion of the Property.

ARTICLE 3. CONSTRUCTION OF THE DEVELOPMENT

Section 3.1 Schedule of Performance.

Borrower shall perform the tasks described in the Schedule of Performance no later than the dates set forth in the Schedule of Performance, subject to Section 7.15. The Schedule of Performance may be modified in writing by the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director on behalf of the County without the need for formal amendment of this Agreement or further approval by the Board of Supervisors.

Section 3.2 Permits and Approvals.

Borrower shall obtain all permits and approvals necessary for the construction of the Development no later than the date set forth in the Schedule of Performance.

Section 3.3 Construction Contract.

(a) Not later than thirty (30) days prior to the proposed Commencement of Construction, Borrower shall submit to the County for its approval a draft of the proposed construction contract for the Development (the "Construction Contract") with Borrower's general contractor (the "General Contractor"). All construction work and professional services are to be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California. The Construction Contract is to provide that at least ten percent (10%) of the hard costs incurred will be payable only upon completion of the construction, or such other amount that may be allowed under the Senior Loan subject to written approval by the County. The Construction Contract must include all applicable HOME requirements set forth in Section 4.6 below. The County's approval of the construction contract may not be deemed to constitute approval of or concurrence with any term or condition of the construction contract except as such term or condition may be required by this Agreement.

(b) Borrower shall use its best efforts to coordinate with the local County Workforce Development Department (WDD), and all other applicable County requirements, to maximize the practicable opportunity to participate in the construction of the Development. Borrower shall, at a minimum, make contact with the County WDD and provide project information for local hire opportunities. Documentation of such notifications must be maintained by Borrower and available to the County as requested.

Section 3.4 Bid Package.

The Borrower shall cause Borrower's General Contractor to provide the Bid Package to all subcontractors.

Section 3.5 Construction Bonds.

Not later than thirty (30) days prior to the proposed Commencement of Construction Borrower shall deliver to the County copies of labor and material bonds and performance bonds for the construction of the Development in an amount equal to one hundred percent (100%) of the scheduled cost of the construction of the Development. Such bonds must name the County as a co-obligee.

Section 3.6 Commencement of Construction.

Borrower shall cause the Commencement of Construction of the Development no later than the date set forth in the Schedule of Performance, which in no event shall be any later than twelve (12) months from the Effective Date. For the purposes of this Agreement, "Commencement of Construction" means the date set for the start of construction of the Development in the notice to proceed issued by Borrower to Borrower's general contractor.

Section 3.7 Completion of Construction.

For purposes of this Agreement, "Completion of Construction" means the following:

- (a) Borrower shall diligently prosecute construction of the Development to completion, and shall cause the completion of the construction of the Development no later than the date set forth in the Schedule of Performance.
- (b) Borrower shall record a Notice of Completion within ten (10) days of completion of construction of the Development and provide the County a copy of the recorded Notice of Completion.
- (c) Borrower shall provide the County a copy of the Certificate of Occupancy, or other evidence of completion of the Development within ten (10) days of receipt from the City.

Section 3.8 Construction Pursuant to Plans and Laws; Prevailing Wages; Accessibility.

- (a) Borrower shall construct the Development in conformance with the Construction Plans approved by the City's Building Department. Borrower shall notify the County in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the Construction Plans. A written change order authorized by the County must be obtained before any of the following changes, additions, or deletions in work for the Development may be performed: (1) any change in the work the cost of which exceeds Seventy-Five Thousand Dollars (\$75,000); or (2) any set of changes in the work the cost of which cumulatively exceeds Two Hundred Fifty Thousand Dollars (\$250,000). Consent to any additions, changes, or deletions to the work do not relieve or release Borrower from any other obligations under this Agreement, or relieve or release Borrower or its surety from any surety bond.
- (b) Borrower shall cause all work performed in connection with the Development to be performed in compliance with:
 - (1) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, including without limitation and to the extent applicable, the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations, as further set forth in subsection (c) below, and state prevailing wages pursuant to California Labor Code Section 1770 et seq., and the regulations pursuant thereto, as further set forth in subsection (d) below;
 - (2) the property standards set out in 24 C.F.R. 5.701 et seq. and 24 C.F.R. 92.251 or adopted by the County in conformance therewith; and
 - (3) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work will proceed only after procurement of each permit,

license, or other authorization that may be required by any governmental agency having jurisdiction, and Borrower shall be responsible to the agency for the procurement and maintenance thereof, as may be required of Borrower and all entities engaged in work on the Development.

(c) The Borrower shall cause construction of the Development to be in compliance with the prevailing wage requirements of the federal Davis-Bacon Act (40 U.S.C. 3141-3148) and the attached labor compliance provisions in the attached Exhibit H incorporated herein by this reference. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Subsection survive repayment of the Loan and the reconveyance of the Deed of Trust. Borrower agrees and acknowledges that the County will monitor compliance with federal Davis-Bacon Act requirements, and will make best efforts to coordinate with HUD.

(d) If applicable, the Borrower shall pay and shall cause the contractor and subcontractors to pay prevailing wages in the construction of the Development as those wages are determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices as required by California Labor Code Sections 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"). In addition, as applicable, the Borrower shall cause its respective contractors and subcontractors to do all the following: (1) all calls for bids, bidding materials and the construction contract documents for the Development must specify that (A) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Development unless registered with the DIR pursuant to Labor Code Section 1725.5, and (B) the Development is subject to compliance monitoring and enforcement by the California Department of Industrial Relations ("DIR"); (2) the Borrower is required to provide the County all information required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of the contract (<https://www.dir.ca.gov/pwc100ext/>); (3) the Borrower shall cause its respective contractors to post job site notices, as prescribed by regulation by the DIR; (4) the Borrower shall cause its respective contractors to furnish payroll records required by Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices pursuant to California Labor Code Section 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Subsection survive the repayment of the Loan, and the reconveyance of the Deed of Trust.

(e) The general contractor and all Subcontractors shall be required to pay their laborers and mechanics employed under this Contract, a wage not less than minimum wage classification, as specified in the applicable Federal law when the Contract amount for the Prime contract exceeds \$2,000. The General Contractor is responsible for ensuring Subcontractor compliance with Davis-Bacon and Related Act Requirements. Federal Labor Standards Provisions (HUD 4010) apply to this Development. Certified payroll submitted to the County are required during the term of construction, and Borrower shall copy the County on all such submissions. Payment of disbursement components may be delayed when certified payrolls are not properly submitted.

(f) The prime contractor and all subcontractors shall be required to pay their laborers and mechanics employed under this Agreement, a wage not less than minimum wage classification, as specified in the applicable Federal law when the contract amount for the prime contract exceeds \$2,000. The prime contractor is responsible for ensuring subcontractor compliance with Davis-Bacon Act and related requirements. Federal Labor Standards Provisions (HUD 4010) apply to the Development. A weekly certified payroll submitted through LCP Tracker (as defined in Exhibit H) is required during the term of construction of the Development. Payment of disbursement components may be delayed when certified payrolls are not properly submitted.

(g) The Borrower shall construct the Development to comply with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act, Section 504 of the Construction Act of 1973, Title II and/or Title III of the Americans with Disabilities Act of 1990, Title 24 of the California Code of Regulations and the Uniform Federal Accessibility Standards ("UFAS"). In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et seq.), a minimum of four (4) units in the Development shall be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of two (2) units shall be constructed and to be readily accessible and usable by households with a hearing or visually impaired member. All Units in the Development shall also be built to comply with the Uniform Federal Accessibility Standards under 49 C.F.R. 31528.

Section 3.9 Equal Opportunity.

During the construction of the Development there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, gender identity, marital status, national origin or ancestry, or source of income, in the hiring, firing, promoting or demoting of any person engaged in the construction work.

Section 3.10 Minority and Women-Owned Contractors.

Borrower shall use its best efforts to afford minority-owned and women-owned business enterprises the maximum practicable opportunity to participate in the construction of the Development. Borrower shall, at a minimum, notify applicable minority-owned and women-owned business firms located in San Bernardino County of bid opportunities for the construction of the Development. A listing of minority owned and women owned businesses located in the County and neighboring counties is available from the County. Documentation of such notifications must be maintained by Borrower and available to the County as requested.

Section 3.11 Progress Reports.

Until such time as Borrower has received a Certificate of Occupancy from the City for the Development, Borrower shall provide the County with quarterly progress reports regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.15 below.

Section 3.12 Construction Responsibilities.

(a) Borrower is responsible for the coordination and scheduling of the work to be performed so that commencement and completion of the construction of the Development will take place in accordance with this Agreement.

(b) Borrower is solely responsible for all aspects of Borrower's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the County with reference to the Development is solely for the purpose of determining whether Borrower is properly discharging its obligations to the County, and may not be relied upon by Borrower or by any third parties as a warranty or representation by the County as to the quality of the design or construction of the Development.

Section 3.13 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on the County or any other lender or other third party in connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the County a surety bond in sufficient form and amount, or provide the County with other assurance satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the County may (but is under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the County may require Borrower to immediately deposit with the County the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The County may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Development for a continuous period of thirty (30) days or more, and take all other steps necessary to forestall the assertion of claims of lien against the Property. Borrower authorizes the County, but the County has no obligation, to record any notices of completion or cessation of labor, or any other notice that the County deems necessary or desirable to protect its interest in the Development and Property.

Section 3.14 Inspections.

(a) Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development, during construction and after completion of construction, by the County and by any public authorities during reasonable business hours for the purposes of determining compliance with this Agreement. Borrower agrees and acknowledges that the County must conduct or cause to be conducted on-site inspections, consistent with the requirements of 24 C.F.R. 92.504(d), to determine compliance with the property standards set forth in 24 C.F.R. 92.251, at least once every three(3) years after the completion of construction of the Development.

(b) After the completion of an inspection the County shall deliver a copy of the inspection report to the Borrower. If the County determines as a result of such inspection that there are any life-threatening health and safety related deficiencies, Borrower has the obligation to correct such deficiencies immediately, in accordance with 24 C.F.R. 92.251. If the County determines as a result of the inspection that there are any deficiencies for any of the inspectable items in the Development, the Borrower shall correct such deficiencies within fifteen (15) days from the delivery of the inspection report or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Borrower must begin to correct the deficiency within fifteen (15) days and correct the deficiency as soon as reasonably possible. In addition, the Borrower acknowledges that the County may re-inspect the Development to verify all deficiencies have been corrected or rely on third party documentation submitted by the Borrower for non-hazardous deficiencies in conformance with 24 C.F.R. 92.504(d).

Section 3.15 Approved Development Budget; Revisions to Budget.

As of the date of this Agreement, the County has approved the Approved Development Budget set forth in Exhibit B. Borrower shall submit any proposed or required amendments to the Approved Development Budget, along with evidence that the changes to the Approved Development Budget are reasonable and necessary, to the County for approval within five (5) days of the date Borrower receives information indicating that actual costs of the Development vary or will vary from the costs shown on the Approved Development Budget, which approval shall not be unreasonably withheld or delayed. Written consent of the County will be required to amend the Approved Development Budget. The County will make best efforts to respond in writing within seven (7) days after receipt of a proposed amendment to the Approved Development Budget.

Section 3.16 Developer Fee.

(a) The maximum cumulative Developer Fee that may be paid to any entity or entities providing development services to the Development, whether paid up-front or on a deferred basis, may not exceed One Million Four Hundred Thousand Dollars (\$1,400,000), of which all or a portion of the Developer Fee may be deferred subject to subsection (c) below, and in no event may exceed the amount allowed by TCAC and as approved by the County. For the purposes of this Agreement "Developer Fee" has the meaning set forth in California Code of Regulations, Title 4, Section 10302. Except for the Developer Fee, no compensation from any source shall be received by or be payable to the Borrower or any affiliate of the Borrower in

connection with the provision of development and construction management services for the acquisition and construction of the Development.

(b) Cost savings at completion. Subject to the rights of Senior Lenders, pursuant to Section 2.7(c), the Borrower may request to reduce the outstanding balance of the Deferred Developer Fee subject to the County's reasonable approval. Although no County approval is required in order to increase the Deferred Developer Fee from the amount listed in Section 3.16(a), the Borrower shall notify the County of any change to the amount of Deferred Developer Fee.

Section 3.17 Marketing Plan.

(a) No later than six (6) months prior to the projected date of the Completion of Construction of the Improvements, Borrower shall submit to the County for approval its plan for marketing the Development to income-eligible households as required pursuant to the Regulatory Agreement, including information on affirmative marketing efforts and compliance with fair housing laws and 24 C.F.R. 92.351(a) (the "Marketing Plan").

(b) Upon receipt of the Marketing Plan, the County will promptly review the Marketing Plan and will approve or disapprove it within fifteen (15) days after submission. If the Marketing Plan is not approved, Borrower shall submit a revised Marketing Plan within fifteen (15) days. Borrower shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County.

(c) If after five (5) months after the Completion of Construction any HOME-Assisted Unit remains unoccupied, the Borrower shall submit a detail report of the ongoing marketing efforts, and if deemed appropriate by the County, any necessary amendments or updates to the Marketing Plan aimed at ensuring any unoccupied HOME-Assisted Unit is promptly leased. If any of the HOME-Assisted Units remain unoccupied eleven (11) months after the Completion of Construction, the Borrower shall submit a detailed report of the ongoing marketing efforts and submit to the County an update to the Marketing Plan. Failure to lease all of the HOME-Assisted Units to an eligible tenant within eighteen (18) months of Completion of Construction shall trigger the special repayment pursuant to Section 2.7(d).

Section 3.18 Tenant Services Plan and Budget.

(a) Borrower will be providing on-site services to all tenants in the Development (the "Tenant Services"). No later than six (6) months prior to the projected date of the Completion of Construction of the Improvements, Borrower shall submit to the County for approval a proposed services plan which shall include written guidelines or procedures for providing the Tenant Services (the "Services Plan"), and a proposed budget for the provision of Tenant Services (the "Services Budget").

(b) The Services Plan shall include the types of Tenant Services provided, staffing levels (including caseload and hours of employment), and overall coordination of the Tenant Services.

(c) The Services Budget shall show required expenditures from Annual Operating Expenses in an approximate amount of approximately Forty Six Thousand Eight Hundred Dollars (\$46,800) (\$3,900 per Month) subject to an annual increase that is equal to the greater of three percent (3%) or the percentage increase in CPI to fund Tenant Services.

(d) Upon receipt of the proposed Services Plan and Services Budget, the County shall promptly review the proposed Services Plan and Services Budget and shall approve or disapprove them within thirty (30) days after submission. If either the Services Plan or Services Budget is not approved, the Borrower shall submit a revised Services Plan and/or Services Budget within thirty (30) days following the Borrower's receipt of the County's written disapproval. If the County does not approve the revised Services Plan and/or Services Budget because the Borrower fails to make specific revisions requested by the County, the Borrower shall be in default hereunder.

ARTICLE 4. LOAN REQUIREMENTS

Section 4.1 Financial Accountings and Post-Completion Audits.

(a) No later than ninety (90) days following issuance of the Certificate of Occupancy for the Development, Borrower shall provide to the County for its review and approval a financial accounting of all sources and uses of funds for the Development.

(b) No later than one hundred eighty (180) days following Completion of Construction of the Development, Borrower shall submit an audited financial report showing the sources and uses of all funds utilized for the Development. This requirement may be satisfied by providing the Final Cost Certification to the County. "Final Cost Certification" means the Final Cost Certification Sources and Uses of Funds prepared by Borrower for the Development that: (1) Borrower submits to TCAC; and (2) has been prepared using generally accepted accounting procedures in effect in the United States from time to time, consistently applied.

Section 4.2 Annual Operating Budget.

At the beginning of each year of the Term, Borrower shall provide to the County an annual budget for the operation of the Development. Unless rejected by the County in writing within fifteen (15) days after receipt of the budget, the budget will be deemed accepted. If rejected by the County in whole or in part, Borrower shall submit a new or corrected budget within thirty (30) calendar days of notification of the County's rejection and the reasons therefor. The provisions of this Section relating to time periods for resubmission of new or corrected budgets will continue to apply until such budget has been approved by the County.

Section 4.3 Information.

Borrower shall provide any information reasonably requested by the County in connection with the Development, including (but not limited to) any information required by HUD in connection with Borrower's use of the Loan funds.

Section 4.4 Records.

(a) Borrower shall keep and maintain at the Development, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts relating to the Development, including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's calculation of Residual Receipts, and disbursements of Residual Receipts. Books, records and accounts relating to Borrower's compliance with the terms, provisions, covenants and conditions of this Agreement are to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and are to be consistent with requirements of this Agreement. All such books, records, and accounts are to be open to and available for inspection and copying by HUD, the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Copies of all tax returns and other reports that Borrower may be required to furnish to any governmental agency are to be open for inspection by the County at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve such records for a period of not less than five (5) years after the creation of such records in compliance with all HUD records and accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Loan is pending at the end of the record retention period stated herein, then Borrower shall retain the records until such action and all related issues are resolved. The records are to include all invoices, receipts, and other documents related to expenditures from the Loan funds. Borrower shall cause records to be accurate and current and in such a form as to allow the County to comply with the record keeping requirements contained in 24 C.F.R. 92.508. Such records are to include but are not limited to:

- (1) Records providing a full description of the activities undertaken with the use of the Loan funds.
- (2) Records demonstrating compliance with County and HUD property standards and lead-based paint requirements, including, as applicable, the Uniform Physical Conditions Standards established by HUD pursuant to 24 C.F.R. 5.703;
- (3) Records documenting compliance with the fair housing, equal opportunity, and affirmative fair marketing requirements;
- (4) Financial records as required by 24 C.F.R. 92.505, and OMB Circular A-110 (24 C.F.R. Part 84);
- (5) Records demonstrating compliance with the Tenant Selection Plan requirements pursuant to 24 C.F.R. 92.253(d), and HOME affordability and income requirements;
- (6) Records demonstrating compliance with MBE/WBE requirements;
- (7) Records demonstrating compliance with 24 C.F.R. Part 135 which implements Section 3 of the Housing Development Act of 1968 (including those in Exhibit H of this Agreement);

(8) Records demonstrating compliance with applicable relocation requirements, which must be retained for at least five (5) years after the date by which persons displaced from the property have received final payments;

(9) Records demonstrating compliance with labor requirements including certified payrolls from Borrower's General Contractor evidencing that applicable prevailing wages have been paid.

(10) Records demonstrating compliance with 24 C.F.R. 8.20.

(b) The County shall notify Borrower of any records it deems insufficient. Borrower has fifteen (15) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the County in such notice, or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Borrower must begin to correct the deficiency within fifteen (15) days and correct the deficiency as soon as reasonably possible.

Section 4.5 County Audits.

(a) Each year, Borrower shall provide the County with a copy of Borrower's annual audit, which is to include information on all of Borrower's activities, in addition the Borrower's general partners shall submit audited financial statements and the Borrower and the Borrower's general partners shall submit all other financial information reasonably requested by the County determined by the County as necessary for compliance with the requirements of 24 C.F.R. 504(d). Borrower shall also follow audit requirements of the Single Audit Act and OMB Circulars A-122 and 110.

(b) In addition, the County or any designated agent or employee of the County at any time is entitled to audit the Residual Receipts of the Development, and all of Borrower's books, records, and accounts pertaining thereto. Such audit is to be conducted during normal business hours at the principal place of business of Borrower and other places where records are kept. Immediately after the completion of an audit, the County shall deliver a copy of the results of the audit to Borrower. If it is determined as a result of such audit that there has been a deficiency in a loan repayment to the County, then such deficiency will become immediately due and payable with interest at the Default Rate from the date the deficient amount should have been paid. In addition, if any audit conducted pursuant to this Section 4.5 determines that Residual Receipts have been understated for any fiscal year by more than five percent (5%), then the Borrower shall pay, in addition to the amounts set forth above, all of the costs and expenses incurred by the County in connection with the audit and review of Borrower's accounts or records.

Section 4.6 HOME Requirements.

(a) Borrower shall comply with all applicable laws and regulations governing the use of the HOME Loan funds as set forth in 24 C.F.R. Part 92, including the requirements of the Regulatory Agreement. In the event of any conflict between this Agreement and applicable laws and regulations governing the use of the Loan funds, the applicable laws and regulations govern. During the HOME Term, these requirements are federal requirements, implemented by the County; thereafter, these requirements are deemed local County requirements.

(b) The laws and regulations governing the use of the Loan funds include (but are not limited to) the following:

(1) Eligible Project Costs. Restrictions on funding only eligible project costs as defined under 24 C.F.R. 92.206 (subject to Section 2.3 above).

(2) Environmental and Historic Preservation. 24 C.F.R. Part 50 and 24 C.F.R. Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5.

(3) Applicability of OMB Circulars. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102, Revised, A-110, A-122, and A-133.

(4) Debarred, Suspended or Ineligible Contractors. The prohibition on the use of debarred, suspended, or ineligible contractors set forth in 24 C.F.R. Part 24.

(5) Civil Rights, Housing and Community Development, and Age Discrimination Acts. The Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964 as amended; Title VIII of the Civil Rights Act of 1968 as amended; Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended; Section 504 of the Construction Act of 1973 (29 USC 794, et seq.); the Age Discrimination Act of 1975 (42 USC 6101, et seq.); Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107; Executive Order 11246 as amended by Executive Orders 11375, 12086, 11478, 12107; Executive Order 11625 as amended by Executive Order 12007; Executive Order 12432; Executive Order 12138 as amended by Executive Order 12608, Executive Order 13672 concerning Gender Identity.

(6) Lead-Based Paint. The requirement of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.), the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. 4851 et seq.), and implementing regulations at 24 C.F.R. Part 35.

(7) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), and implementing regulations at 49 C.F.R. Part 24; 24 C.F.R. 570.606; Section 104(d) of the Housing and Community Development Act of 1974 and implementing regulations at 24 C.F.R. 42 et seq.; 24 C.F.R. 92.353; and California Government Code Section 7260 et seq. and implementing regulations at 25 California Code of Regulations Sections 6000 et seq. If and to the extent that development of the Development results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then Borrower shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall prepare and submit a relocation plan to the County for approval. Borrower is solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. Borrower shall indemnify, defend (with counsel reasonably chosen

by the County), and hold harmless the County against all claims that arise out of relocation obligations to residential tenants, homeowners, or businesses permanently or temporarily displaced by the Development.

(8) Discrimination against the Disabled. The requirements of the Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. Part 100; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), the Uniform Federal Accessibility Standards (24 C.F.R. 8.20, et seq. 8.51) and federal regulations issued pursuant thereto, which prohibit discrimination against the disabled in any federally assisted program, the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), and federal regulations issued pursuant thereto.

(9) Clean Air and Water Acts. The Clean Air Act, as amended, 42 U.S.C. 7401 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 1500, as amended from time to time.

(10) Uniform Administrative Requirements. The provisions of 24 C.F.R. 92.505 regarding cost and auditing requirements.

(11) Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3") and implementing regulations 24 C.F.R. 135 et seq., requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project. Borrower agrees to include the following language in all subcontracts executed under this Agreement:

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

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

(iii) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause; and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference;

shall set forth minimum number and job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

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

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

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

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

(12) Labor Standards. The labor requirements set forth in 24 C.F.R. 92.354; the prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

(13) Drug Free Workplace. The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690) and implementing regulations at 24 C.F.R. Part 24.

(14) Anti-Lobbying; Disclosure Requirements. The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 C.F.R. Part 87.

(15) Historic Preservation. The historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. Section 470) and the procedures set forth in 36 C.F.R. Part 800. If archeological, cultural, or historic period resources are discovered during construction, all construction work must come to a halt and Borrower shall immediately notify the County. Borrower shall not alter or move the discovered material(s) until all appropriate procedures for "post-review discoveries" set forth in Section 106 of the National Historic Preservation Act have taken place, which include, but are not limited to, consultation with the California State Historic Preservation Officer and evaluation of the discovered material(s) by a qualified professional archeologist.

(16) Flood Disaster Protection. The requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234) (the "Flood Act"). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under Section 3(a) of the Flood Act, for use in an area identified by HUD as having special flood hazards which is not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of the Flood Act. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program is subject to the mandatory purchase of flood insurance requirements of Section 102(a) of the Flood Act. If the Property is located in an area identified by HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 *et seq.*, the property owner and its successors or assigns must obtain and maintain, during the ownership of the Property, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(s) of the Flood Act. Such provisions are required notwithstanding the fact that the construction on the Property is not itself funded with assistance provided under this Agreement.

(17) Religious Organizations. If the Borrower is a religious organization, as defined by the HOME requirements, the Borrower shall comply with all conditions prescribed by HUD for the use of HOME funds by religious organizations, including the First Amendment of the United States Constitution regarding church/state principles and the applicable constitutional prohibitions set forth in 24 C.F.R. 92.257.

(18) HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the Loan funds.

(19) Physical Needs Assessment. The Borrower shall conduct, or caused to be conducted, a physical needs assessment on the Development once every five (5) years from the date that the Construction of the Development is completed. The Borrower shall comply with all HUD requirements for conducting and documenting the physical needs assessment and shall provide the County with a copy of all documentation related to each physical needs assessment conducted, or caused to be conducted, by the Borrower.

Section 4.7 Hazardous Materials.

(a) Borrower shall keep and maintain the Property in compliance with, and may not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Borrower may not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction of projects like the Development or kept and used in and about residential property of this type.

(b) Borrower shall immediately advise the County in writing if at any time it receives written notice of: (1) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (2) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (1) and (2) above are hereinafter referred to as "Hazardous Materials Claims"); and (3) Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code, Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) The County has the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower. Borrower shall indemnify and hold harmless the County and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (1) all foreseeable consequential damages; (2) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans and (3) all reasonable costs and expenses incurred by the County in connection with clauses (1) and (2), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (A) losses attributable to diminution in the value of the Property; (B) loss or restriction of use of rentable space on the Property; (C) adverse effect on the marketing of any rental space on the Property; and (D) penalties and fines levied by, and

remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify will survive termination of this Agreement.

(d) Without the County's prior written consent, which will not be unreasonably withheld, Borrower may not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the County's judgment, impair the value of the County's security hereunder; provided, however, that the County's prior consent is not necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the County's consent before taking such action, provided that in such event Borrower shall notify the County as soon as practicable of any action so taken. The County agrees not to withhold its consent, where such consent is required hereunder, if: (1) a particular remedial action is ordered by a court of competent jurisdiction; (2) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (3) Borrower establishes to the satisfaction of the County that there is no reasonable alternative to such remedial action which would result in less impairment of the County's security hereunder; or (4) the action has been agreed to by the County.

(e) Borrower hereby acknowledges and agrees that: (1) this Section is intended as the County's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (2) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the County's or the trustee's rights and remedies under the Deed of Trust, the County may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (1) waive its lien on such environmentally impaired or affected portion of the Property; and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against Borrower to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining the County's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Borrower will be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened

release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the County in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) and the maximum rate permitted by law, until paid, will be added to the indebtedness secured by the Deed of Trust and is due and payable to the County upon its demand made at any time following the conclusion of such action.

Section 4.8 Maintenance and Damage.

(a) During the course of both construction and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving written notice from the County of such a condition, if Borrower is incapable of curing a default within such thirty (30) day period, the County will give the Borrower ninety (90) days to cure such default provided Borrower has commenced to cure within such thirty (30) day period and is diligently proceeding to cure such default through the end of such period, then in addition to any other rights available to the County, the County may perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property, subject to the provisions provided in subsection (b) below.

(b) Subject to the requirements of Senior Lenders, and if economically feasible in the County's judgment after consultation with Borrower, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the County with such changes as have been approved by the County. Such work or repair is to be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the County in writing, after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and is to be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction are to be applied to the cost of such repairs or restoration and, if such insurance proceeds are insufficient for such purpose, then Borrower shall make up the deficiency. If Borrower does not promptly make such repairs then any insurance proceeds collected for such damage or destruction are to be promptly delivered by Borrower to the County as a special repayment of the Loan, subject to the rights of HUD and the Senior Lenders, as applicable.

Section 4.9 Fees and Taxes.

Borrower is solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Development, and shall pay such charges prior to delinquency. However, Borrower is not required to pay and discharge any such charge so long as: (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings; and (b) if requested by the County, Borrower deposits with the County any funds or other forms of assurance that the County in good faith from time to time determines appropriate to protect the County from the consequences of the contest being unsuccessful.

Section 4.10 Notice of Litigation.

Borrower shall promptly notify the County in writing of any litigation that has the potential to materially affect Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.11 Operation of Development as Affordable Housing.

(a) Promptly after completion of construction Borrower shall operate the Development as an affordable housing development consistent with: (1) HUD's requirements for use of the HOME Funds; (2) the Regulatory Agreement; and (3) any other regulatory requirements imposed on Borrower including but not limited to regulatory agreements associated with the VHHP Loan, and Low Income Housing Tax Credits provided by TCAC.

(b) Before leasing any Unit in the Development Borrower shall submit its proposed form of lease agreement for the County's review and approval. The Lease must not contain any provision which is prohibited by 24 C.F.R. 92.253(b) and any modifications thereto. The term of the lease for any unit in the Development is to be for no less than one (1) year, except by mutual agreement between Borrower and the Tenant. Any Borrower termination of a lease agreement for any unit in the Development or refusal to renew must be in conformance with 24 C.F.R. 92.253(c), and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(c) Before leasing any Unit in the Development, Borrower shall provide the County, for its review and approval, with Borrower's written tenant selection plan (the "Tenant Selection Plan"), which plan shall be in compliance with the requirements of 24 C.F.R. 92.253(d), and the Marketing Plan.

(d) Borrower shall evaluate the income eligibility of each Tenant household in Units pursuant to the County's approved Tenant certification procedures within sixty (60) days before the household's expected occupancy of one of the Units. Borrower shall certify each Tenant household's income on an annual basis.

(e) Borrower shall maintain all documents setting forth the household income of each household occupying a Unit, and the total amount for rent, utilities, and related services charged to each household occupying the Development, as prescribed by the Regulatory Agreement.

Section 4.12 Nondiscrimination.

(a) Borrower herein covenants by and for itself, its heirs, executors, administrators, successors and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age (except for lawful senior housing in accordance with state and federal law), familial status, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor may Borrower or any person claiming under or through Borrower 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, subtenants, sublessees or vendees in the Property. Borrower shall comply with Executive Orders 11246, 11375, 11625, 12138, 12431, 12250, 13672, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other applicable Federal, State and local laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted. The foregoing covenant will run with the land.

Section 4.13 Transfer.

(a) Definition. For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (1) any rights and/or duties under this Agreement; and/or (2) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" excludes the leasing of any single unit in the Development to an occupant in compliance with the Regulatory Agreement. The County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director are authorized to execute assignment and assumption agreements on behalf of the County to implement any approved Transfer.

(b) Prohibition. No Transfer is permitted without the prior written consent of the County, which the County may withhold in its sole discretion. The Loan will automatically accelerate and be due in full upon any Transfer made without the prior written consent of the County.

(c) Permitted Transfers. The following are permitted Transfers approved by the County (each a "Permitted Transfer"):

(1) The grant of the security interests in the Development for Approved Financing.

(2) The Borrower anticipates syndicating the low income housing tax credits that will be generated by the Development. The County hereby approves the admission of an investor limited partner into the partnership, provided that: (i) all documents associated with the admission of an investor limited partner for purposes of the low income housing tax credit syndication of the Development, including the Partnership Agreement, are submitted to the County for review and approval, which approval shall not be unreasonably withheld or delayed; (ii) that the Partnership Agreement and other partnership documents are consistent with and do not conflict with the Loan Documents and the approved Development Budget; and (iii) the partnership documents provide for capital contributions by the investor limited partner in the Partnership in amounts not less than those set forth in the Approved Development Budget or as otherwise approved by the County in its reasonable discretion.

(3) In the event the Borrower syndicates low income housing tax credits generated by the Development, the County hereby approves future Transfers of the limited partner interest in the Partnership provided that: (i) such Transfers do not affect the timing and amount of the limited partner capital contributions provided for in the Partnership

Agreement last approved by the County pursuant to Section 2.6(b)(x) or Section 4.13(c)(ii); and; (ii) in subsequent Transfers, a wholly owned affiliate of the initial limited partner retains a membership or partnership interest and serves as a managing member or managing general partner of the successor limited partner; and (iii) in subsequent Transfers the initial limited partner remains liable for all unpaid capital contributions. Notwithstanding anything to the contrary, once all capital contributions provided for in the Partnership Agreement have been made, the limited partner interest in the Partnership may be transferred with prior written notice to the County.

(4) The removal, or withdrawal in lieu of removal, of Borrower's general partner for cause pursuant to the Partnership Agreement shall not require the County's consent or constitute a default under this Agreement. Notwithstanding anything to the contrary set forth in this Agreement or any of the Loan Documents, in the event that the general partner Borrower is removed by the limited partner of Borrower, or withdraws in lieu of being removed, for cause following default under the Borrower's Partnership Agreement, the County hereby approves the transfer of the general partner interest to an affiliate of the limited partner of Borrower (which affiliate is not a 501(c)(3) tax-exempt public benefit corporation and does not meet the requirements of Section 4.6(c) or 5.1(b) hereof) to act as the interim replacement general partner for a period of time not longer than 60 days, with the understanding and agreement that the replacement general partner following the interim general partner shall be approved in advance and in writing by the County, which approval shall not be unreasonably withheld, provided that: (i) all documents associated with the removal of the general partner, including the Partnership Agreement, are submitted to the County for review and approval, which approval shall not be unreasonably withheld or delayed; (ii) that the Partnership Agreement and other partnership documents are consistent with and do not conflict with the Loan Documents and the approved Development Budget.

(d) During the term of the County Loan Borrower will not refinance, re-syndicate, take out a line of credit or otherwise further encumber the property or restructure the debt constituting the Approved Financing without prior notification and approval of the County. Notwithstanding anything to the contrary, Borrower will make best efforts to provide written notification to the County at least one hundred twenty (120) days **prior to submittal** of applications, and in no event will provide written notification to the County no later than ninety (90) days **prior to the closing**, for refinancing, tax credits, lines of credit and any other application in which the property may be used as security.

Section 4.14 Insurance Requirements.

(a) Borrower shall maintain the following insurance coverage throughout the Term of the Loan written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII". If the Borrower uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Borrower agrees to amend, supplement, or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

(b) Without in anyway affecting the indemnity herein provided and in addition thereto, the Borrower shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

(1) Workers' Compensation/Employers Liability.

(i) Workers' Compensation A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of the Borrower and all risks to such persons under this Agreement.

(ii) If Borrower has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.

(iii) With respect to borrowers that are non-profit corporations organized under California or federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

(2) Comprehensive General Liability. General Liability Insurance covering all operations performed by or on behalf of Borrower providing coverage for bodily injury and property damage with a combined single limit of not less than One Million Dollars (\$1,000,000), per occurrence. The policy coverage must include:

- (i) Premises operations and mobile equipment.
- (ii) Products and completed operations.
- (iii) Broad form property damage (including completed operations).
- (iv) Explosion, collapse, and underground hazards.
- (v) Personal injury.
- (vi) Contractual liability.
- (vii) \$2,000,000 general aggregate limit.

(3) Comprehensive Automobile Liability.

(i) Primary insurance coverage must be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol I (any auto).

(ii) The policy must have a combined single limit of not less than One Million Dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

(iii) If the Borrower is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy must have a

combined single limit of Two Million Dollars (\$2,000,000) for bodily injury and property damage per occurrence.

(iv) If the Borrower owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

(4) Builders' Risk/Property Insurance. Builders' Risk insurance during the course of construction, and upon completion of construction, property insurance covering the Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County, naming the County as a Loss Payee, as its interests may appear. Flood insurance must be obtained if required by applicable federal regulations.

(5) Commercial Crime. Commercial crime insurance covering all officers and employees, for loss of Loan proceeds caused by dishonesty, in an amount approved by the County, naming the County a Loss Payee, as its interests may appear.

(c) Borrower shall cause any general contractor, agent, or subcontractor working on the Development under direct contract with Borrower or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (1), (2), and (3) above, meeting all of the general requirements of subsections (e) and (f) below and naming the County as an additional insured. The Borrower agrees to monitor and review all such coverage and assumes all responsibility ensuring that such coverage is provided as required here.

(d) An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy must apply to bodily injury/property damage, personal injury/advertising injury and must include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage must also apply to automobile liability.

(e) The required insurance must be provided under an occurrence form, and Borrower shall maintain the coverage described in subsections (a) continuously throughout the Term. 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 must be three times the occurrence limits specified above.

(f) Comprehensive General Liability and Comprehensive Automobile Liability insurance policies must be endorsed to name as an additional insured the County and its officers, agents, employees and members of the County Board of Supervisors. The additional insured endorsements must not limit the scope of coverage for the County to vicarious liability but must allow coverage for the County to the full extent provided by the policy. Such additional insured coverage must be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

(g) All policies and bonds are to contain: (1) the agreement of the insurer to give the County at least thirty (30) days notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (2) an

agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (3) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (4) a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any loss or damage thereby insured against.

(h) Construction contracts for projects over Three Million Dollars (\$3,000,000) and less than Five Million Dollars (\$5,000,000) require limits of not less than Five Million Dollars (\$5,000,000) in General Liability and Auto Liability coverage.

(i) The Borrower shall require the carriers of required coverage's to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Borrower and Borrower's employees or agents from waiving the right of subrogation prior to a loss or claim. The Borrower hereby waives all rights of subrogation against the County.

(j) All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.

(k) The Borrower shall furnish Certificates of Insurance to the County Department administering the contract evidencing the insurance coverage prior to the close of Escrow, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Borrower shall maintain such insurance from the time Borrower commences performance of services hereunder until the completion of such services. Within fifteen (15) days following the close of Escrow, the Borrower shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

(l) The Borrower agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Borrower and the County or between the County and any other insured or additional insured under the policy.

(m) Any and all deductibles or self-insured retentions in excess of Ten Thousand Dollars (\$10,000) shall be declared to and approved by Risk Management.

(n) In the event that any policy of insurance required in this Section does not comply with the requirements, is not procured, or is canceled and not replaced, the County has the right but not the obligation or duty to obtain such insurance it deems necessary and any premiums paid by the County will be promptly reimbursed by Borrower or County disbursements to Borrower will be reduced to pay for the County purchased insurance.

(o) Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the

interests of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced and available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk. Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. Borrower agrees to execute any such amendment within thirty (30) days of receipt. Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

Section 4.15 Anti-Lobbying Certification.

(a) Borrower certifies, to the best of Borrower's knowledge or belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, 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;

(2) If any funds other than Federal 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 an employee of a Member of Congress in connection with the awarding of any Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(b) This certification is a material representation of fact upon which reliance was placed when this Agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this Agreement imposed by Section 1352, Title 31, U. S. Code. 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) and no more than One Hundred Thousand Dollars (\$100,000) for such failure.

Section 4.16 Covenants Regarding Approved Financing

(a) Borrower shall promptly pay the principal and interest when due on any Approved Financing.

(b) Borrower shall promptly notify the County in writing of the existence of any default under any documents evidencing Approved Financing whether or not a default has been declared by the lender and provide the County copies of any notice of default.

(c) Borrower may not materially amend, modify, supplement, cancel or terminate any of the documents evidencing Approved Financing without the prior written consent of the County.

(d) Borrower may not incur any indebtedness of any kind other than Approved Financing or encumber the Development with any liens (other than liens for Approved Financing approved by the County or as otherwise allowed under the County approved Partnership Agreement) without the prior written consent of the County.

Section 4.17 Affordability and Project Monitoring.

(a) Throughout the Term, the Borrower shall comply with all applicable record keeping and monitoring requirements set forth in (24 C.F.R. Section 92.508) of the HOME Regulations and shall annually complete and submit to County a Certification of Continuing Program Compliance in the form attached hereto as Exhibit G, and incorporated herein.

(b) Representatives of the County shall be entitled to enter the Property upon at least twenty-four (24) hours' notice at reasonable times to monitor compliance with this Agreement, to inspect the records of the Development with respect to the Affordable Units, and to conduct an independent audit of such records. The Borrower agrees to cooperate with the County in making the Property available for such inspection. If for any reason the County is unable to obtain the Borrower's consent to such an inspection, the Borrower understands and agrees that the County may obtain, at the Borrower's expense, an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. The Borrower agrees to maintain records in a business-like manner and to make such records available to the County upon twenty-four (24) hours' notice at reasonable times. Unless the County otherwise approves, such records shall be maintained for the most recent five years until five years after the HOME Term.

(c) Throughout the Term, the Borrower grants the County inspection rights as set forth in Section 3.14 above, and Borrower shall make best efforts to allow the County to comply with all applicable physical monitoring requirements set forth in (24 C.F.R. Section 92.504(d) and 24 C.F.R. 92.251) of the HOME Regulations.

(d) The County will enforce a per-unit affordability monitoring charge on all HOME assisted developments. HOME assisted developments will be charged as follows:

- 1-20 assisted units = \$35.00 per unit/ annually
- 20+ assisted units = \$25.00 per unit/ annually

(e) The County will enforce a physical inspection charge on all HOME assisted developments. The inspection charge for HOME assisted development will be the lesser of: (1) Five Thousand Dollars (\$5,000) per inspection; or (2) the actual costs incurred by the County to secure a qualified third party, independent of the Borrower, to conduct the physical inspections in accordance with the requirements set forth in this Agreement, and any related staffing costs incurred by the County in association therewith.

(f) The Borrower shall pay such charge within seven (7) days of receipt of an invoice from the County.

(g) The County reserves the right to waive or defer a portion of the monitoring charge if a development is unable to pay these costs. All waivers must be submitted in writing, with adequate supporting financial documentation, for review by the County EDA Administrator.

Section 4.18 Crime-Free Multi-Housing Unit Program Participation.

Property owners and managers shall be required to participate in the San Bernardino County Sheriff Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's training and designation as a Certified Crime-Free Property shall be achieved and maintained by the owner/representative and onsite property manager.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties.

Borrower hereby represents and warrants to the County as follows and acknowledges, understands, and agrees that the representations and warranties set forth in this Article 5 are deemed to be continuing during all times when any or all of the Loan remains outstanding. The Borrower shall immediately advise the County in writing if there is any change relating to any matters set forth or referenced in the items set forth below:

(a) Organization. Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted. Copies of the documents evidencing the organization of the Borrower delivered to the County are true and correct copies of the originals.

(b) Authority of Borrower. Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and the Loan Documents 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 when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will 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 Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Development will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to repay the Loan or impair the security to be given to the County pursuant hereto.

(h) Title to Land. At the time of recordation of the Deed of Trust, Borrower will have good and marketable fee title to the Development and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens for current real property taxes and liens ancillary to the Approved Financing and liens in favor of the County or approved in writing by the County.

(i) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the County fairly and accurately present the information contained therein. As of the date of this Agreement, there has not been any material adverse change in the financial condition of Borrower from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Borrower holds or reasonably expects to receive firm financial commitments for sufficient funds to complete the acquisition of the Property and the construction of the Development in accordance with the plans and specifications approved by the County.

(k) Taxes. Borrower and its subsidiaries have filed all federal and other material tax returns and reports required to be filed, and have paid all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Borrower or any of its subsidiaries that could, if made, be reasonably expected to have a material adverse effect upon the Property, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of Borrower and its subsidiaries, taken as a whole, which would be expected to result in a material impairment of the ability of Borrower to perform under any Loan Document to which it is a party, or a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

ARTICLE 6. DEFAULT AND REMEDIES

Section 6.1 Events of Default.

(a) Subject to Section 7.15, each of the following constitutes an "Event of Default" by Borrower under this Agreement:

(1) Failure to Construct. Failure of Borrower to obtain permits, commence, and prosecute to completion, construction of the Development within the times set forth in the Schedule of Performance.

(2) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within five (5) days of when such payment is due pursuant to the Loan Documents.

(3) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents (other than obligations described in subsections (a) and (b) above), and Borrower fails to cure such default within thirty (30) days after receipt of written notice thereof from the County to Borrower, if Borrower is incapable of curing a default within such thirty (30) day period, the County will give the Borrower ninety (90) days to cure such default provided Borrower has commenced to cure within such thirty (30) day period and is diligently proceeding to cure such default through the end of such period; provided, however, that if a different period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control.

(4) Default Under Other Loans. A default is declared under any other financing for the Development by the lender of such financing and such default remains uncured following any applicable notice and cure period.

(5) Insolvency. A court having jurisdiction makes or enters any decree or order: (1) adjudging Borrower to be bankrupt or insolvent; (2) approving as properly filed a petition seeking reorganization of Borrower, or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United

States or any state or other jurisdiction; (3) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties; (4) directing the winding up or liquidation of Borrower if any such decree or order described in clauses (1) to (4), inclusive, is unstayed or undischarged for a period of ninety (90) calendar days; or (5) Borrower admits in writing its inability to pay its debts as they fall due or will have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (1) to (4), inclusive. The occurrence of any of the Events of Default in this paragraph will act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(6) Assignment; Attachment. Borrower assigns its assets for the benefit of its creditors or suffers a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon is returned or released within ninety (90) calendar days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(7) Suspension; Termination. Borrower voluntarily suspends its business or, the partnership is dissolved or terminated, other than a technical termination of the partnership for tax purposes.

(8) Liens on Property and the Development. Any claim of lien (other than liens approved in writing by the County) is filed against the Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days, without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the County.

(9) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development, except that condemnation by the County shall cause the Loan to accelerate but shall not be a Default.

(10) Unauthorized Transfer. Any Transfer other than as permitted pursuant to Section 4.13.

(11) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the County in connection with any of the Loan Documents, proves to have been incorrect in any material respect when made.

(12) Failure to Timely Lease. Failure of Borrower to lease all of the HOME-Assisted Units within eighteen (18) months of the Completion of Construction of the Development.

(13) Applicability to General Partner. The occurrence of any of the events set forth in subsection (5), subsection (6), or subsection (7) in relation to Borrower's managing general partner.

Section 6.2 Remedies.

(a) Upon the occurrence of an Event of Default and following the expiration of all applicable notice and cure periods the County: (1) is relieved of any obligation to make or continue the Loan; and (2) has the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(i) Acceleration of Note. The County may cause all indebtedness of Borrower to the County under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The County may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the County as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. Borrower is liable to pay the County on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the County in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(ii) Specific Performance. The County has the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things that may be unlawful or in violation of the provisions of the Loan Documents.

(iii) Termination. The County has the right to terminate this Agreement and, at its sole option, to seek any remedies at law or equity available hereunder.

(iv) Right to Cure at Borrower's Expense. The County has the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. Borrower shall reimburse the County for any funds advanced by the County to cure a monetary default by Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law and ten percent (10%) per annum (the "Default Rate") from the date of expenditure until the date of reimbursement.

Section 6.3 Right of Contest.

Borrower may contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest is to be prosecuted diligently and in a manner unprejudicial to the County or the rights of the County hereunder.

Section 6.4 Remedies Cumulative.

No right, power, or remedy given to the County by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy will be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies will operate as a waiver thereof, nor does

any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 6.5 Limited Partner Cure Rights

The County agrees to provide any limited partner of Borrower who has requested written notice from the County ("Permitted Limited Partner") a duplicate copy of all notices of default that the County may give to or serve in writing upon Borrower pursuant to the terms of the Loan Documents, at the address provided to the County, provided, the County shall have no liability to the Permitted Limited Partner for its failure to do so. The Permitted Limited Partner shall have the right, but not the obligation, to cure any Default of Borrower set forth in such notice, during any applicable cure period described in the Loan Documents, and the County will accept tender of such cure as if delivered by Borrower.

ARTICLE 7. GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement is to be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and Borrower or its agents, employees or contractors, and Borrower will at all times be deemed an independent contractor and to be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the construction and operation of the Development, Borrower is solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and must include requirements in each contract that contractors are solely responsible for similar matters relating to their employees. Borrower is solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement creates or justifies any claim against the County by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the Property, the construction or operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the construction or operation of the Development.

Section 7.3 Discretion Retained By County.

The County's execution of this Agreement in no way limits the discretion of the County in the permit and approval process in connection with the construction of the Development.

Section 7.4 Indemnification.

The Borrower agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers ("Indemnities") from any and all claims, actions, losses, damages, and/or liability arising out of this contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of Indemnities. The Borrower's indemnification obligation applies to the County's "active" as well as "passive" negligence but does not apply to the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782. This indemnification provision is not intended to and does not limit, negate, modify, nullify, or change the nonrecourse provisions of this Agreement or any other agreement, document, instrument, certificate or covenant executed by Borrower. The provisions of this Section will survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 7.5 Non-Liability of County Officials, Employees and Agents.

No board member, official, employee or agent of the County is personally liable to Borrower in the event of any default or breach by the County or for any amount that may become due to Borrower or its successor or on any obligation under the terms of this Agreement.

Section 7.6 No Third Party Beneficiaries.

There are no third party beneficiaries to this Agreement.

Section 7.7 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.7(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or financial benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this Section 7.7(a) is followed.

(b) The conflict of interest provisions of Section 7.7(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

(c) In accordance with California Government Code Section 1090 and the Political Reform Act, California Government Code section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of Borrower, or immediate family member of any of the preceding, may make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will

have a material effect on any source of income, investment or interest in real property of that person or Borrower. Interpretation of this section is governed by the definitions and provisions used in the Political Reform Act, California Government Code Section 87100 et seq., its implementing regulations manual and codes, and California Government Code Section 1090.

(d) Borrower shall comply with the conflict of interest provisions set forth in 24 C.F.R. 92.356.

Section 7.8 Notices, Demands and Communications.

All notices required or permitted by any provision of this Agreement must be in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

County: Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave Third Floor
San Bernardino, CA 92415-0043
Attn: Community Development and Housing Director

With a copy to:
Goldfarb & Lipman, LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Rafael Yaquian

Borrower: Loma Linda Vets LP
c/o Meta Housing Corporation
1640 S. Sepulveda Blvd., Suite 525
Los Angeles, CA 90025
Attn: President

With a copy to:
Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

With a copy to:
Housing Partners I, Inc.
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: President

With a copy to:

Investor Limited Partner and the Investor Limited Partner's counsel at the addresses to be provided.

such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt will be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 7.9 Amendments.

No alteration or variation of the terms of this Agreement is valid unless made in writing by the Parties. The County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director is authorized to execute on behalf of the County amendments to the Loan Documents or amended and restated Loan Documents as long as any material change in the amount or terms of this Agreement is approved by the County Board of Supervisors.

Section 7.10 County Approval.

The County has authorized the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director to execute the ancillary Loan documents and deliver such approvals or consents as are required by this Agreement, and to execute estoppel certificates concerning the status of the Loan and the existence of Borrower defaults under the Loan Documents, including subordination agreements substantially consistent with the terms of Section 2.5 above.

Section 7.11 Applicable Law.

This Agreement is governed by the laws of the State of California.

Section 7.12 Parties Bound.

Except as otherwise limited herein, this Agreement binds and inures to the benefit of the parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and to bind Borrower and its successors and assigns in the Property and the Development for the entire Term, and the benefit hereof is to inure to the benefit of the County and its successors and assigns.

Section 7.13 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 7.14 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect

unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.15 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party will not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, or court order. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. In no event will the County be required to agree to cumulative delays in excess of ninety (90) days.

Section 7.16 Waivers.

Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement does not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Borrower may not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 7.17 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and are to be disregarded in interpreting any part of the Agreement's provisions.

Section 7.18 Entire Understanding of the Parties

The Loan Documents constitute the entire agreement of the Parties with respect to the Loan.

Section 7.19 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

WHEREAS, this Agreement has been entered into by the undersigned as of the Effective Date.

BORROWER:

LOMA LINDA VETS, LP, a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

Date of Execution: _____

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, Board President

Date of Execution: _____

COUNTY:

COUNTY OF SAN BERNARDINO, a political subdivision
of the State of California

By: _____
James Ramos, Chairman
Board of Supervisors

Date of Execution: _____

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

LAURA H. WELCH
Clerk of the Board of Supervisors

APPROVED AS TO LEGAL FORM: _____

JEAN-RENE BASLE
County Counsel

By: _____
Michelle Blakemore
Chief Assistant County Counsel

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land is situated in the State of California, County of San Bernardino, City of Loma Linda and is described as follows:

APN: 0283-142-05, 06, 07, 11, 12; 0283-201-43, 44; 0283-142-11, 12

PARCEL 1:

MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILWAY AND SOUTH OF THE FOLLOWING DESCRIBED LINE; BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

EXCEPTING THEREFROM THE WEST 8 FEET.

PARCEL 2:

MOUND CITY, EAST 2 ACRES OF BLOCK 41, EXCEPTING THEREFROM THAT PORTION LYING SOUTH OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES. THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

ALSO EXCEPTING THEREFROM THE WEST 8 FEET AND THE NORTH 110 FEET.

PARCEL 3:

MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, COMMENCING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 8 FEET TO THE TRUE POINT OF BEGINNING; THENCE EAST 40 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID BLOCK 41 102 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110 FEET OF SAID BLOCK 41 DISTANT 65 FEET EAST OF THE WEST LINE OF THE ABOVE SAID 2 ACRES; THENCE WEST 57 FEET; THENCE NORTH 110 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

THE NORTH 110.00 FEET OF THE EAST 2 ACRES OF THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, BORDERED ON THE NORTH BY VAN LEUVEN STREET (50.00 FEET WIDE) AND ON THE SOUTH BY THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY;

CEI
P.A

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTION:

BEGINNING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES; THENCE EAST 48.00 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHEAST CORNER OF THE PARCEL OF LAND CONVEYED TO INEZ R. LANGFORD LACROSS, BY DEED RECORDED APRIL 28, 1948, IN BOOK 2220, PAGE 152, OFFICIAL RECORDS; THENCE SOUTH, PARALLEL WITH THE EAST LINE OF SAID LACROSS PARCEL 102.00 FEET TO A POINT, THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110.00 FEET OF SAID EAST 2 ACRES OF THE WEST LINE THEREOF; THENCE WEST ALONG THE SOUTH LINE OF SAID NORTH 110.00 FEET; A DISTANCE OF 65.00 FEET TO THE WEST LINE OF SAID EAST 2 ACRES; THENCE NORTH ALONG SAID WEST LINE 110.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS, BEGINNING AT A POINT IN THE NORTH LINE OF SAID BLOCK 41, 325.00 FEET EAST OF THE NORTHWEST CORNER OF SAID BLOCK 41, SAID POINT ALSO BEING THE NORTHEAST CORNER OF A PARCEL OF LAND CONVEYED TO TOM M. AULT, ET UX., RECORDED JANUARY 16, 1952, IN BOOK 2881, PAGE 364, OFFICIAL RECORDS; THENCE CONTINUING EAST ALONG THE NORTHERLY LINE OF SAID BLOCK, 76.68 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHWEST CORNER OF THE EAST 2 ACRES OF THAT PORTION OF SAID BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE SOUTH PARALLEL WITH SAID WEST LINE OF THE EAST 2 ACRES TO THE NORTHERLY LINE OF SAID SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID RAILROAD RIGHT OF WAY TO A POINT WHICH IS 329.87 FEET EASTERLY OF THE WEST LINE OF SAID BLOCK 41; THENCE NORTHERLY TO THE POINT OF BEGINNING.

PARCEL 6:

PARCEL 2 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE. 49, RECORDS OF SAID COUNTY.

PARCEL 7:

PARCEL 1 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE 49, RECORDS OF SAID COUNTY.

APN: 0283-142-05-0-000, 0283-142-06-0-000, 0283-142-07-0-000, 0283-142-11-0-000, 0283-142-12-0-000, 0283-201-43-0-000 AND 0283-201-44-0-000

EXHIBIT B

APPROVED DEVELOPMENT BUDGET

Site & Building Information	
City	Loma Linda
County	San Bernardino
Units	87
Total Rentable SF	88,000
Efficiency Ratio	90.00%
Estimate of Gross SF	97,778
Parking Spaces per unit	1.00
On Grade Parking Spaces	87
Parking Structure Sq. Ft (Sub)	-
Parking Structure Sq. Ft (On Grade)	-
Non Covered Parking	-

Proforma Cash Flow & Income Assumptions	
Vacancy Factor Low Income	10.0%
Vacancy VASH/Sec 8	10.0%
Income Growth Factor	2.5%
Expense Growth Factor	3.5%
Reserve and GP Fee escalator	3.0%
Management Fees	6.0%
Replacement Reserves	\$ 600
Property Tax Escalating Factor	2.00%
Property Tax General Levy	1.00%
Property Tax Assessments	0.040%
Rent Growth from Underwriting to	
Stabilized Occupancy	0.000%
Cap Rate at Completion	5.00%
Total Hard Costs/Unit	\$ 199,483
Total Hard Costs/Net Rentable SF	\$ 197
Total Hard Costs/Gross SF	\$ 177
Total Development Cost/Unit	\$ 373,314

Land Breakdown	
<u>Apartment Site</u>	
Acres	4.37
Square Feet	190,357
Units/Acre on Apt. Site	20
Land Cost Site 1	\$ 3,350,000
Land Cost per Unit	\$ 38,506
Land Cost per Sq. Ft.	\$ 17.60
Land Cost per Acre	\$ 766,590

Public Funds		per unit
		\$ -
State of California (VHHP Fur	\$ 3,800,000	\$ 43,678
		\$ -
County (HOME funds)	\$ 2,100,000	\$ 24,138
		\$ -
	\$ -	\$ -
AHP		\$ -

Architectural Design Renderings	

Schedule	
Construction Start	12/1/2016
Placed in Service	3/1/2018
Lease Up Complete	9/1/2018
Conversion	12/1/2018

INCOME

HUD/TCAC

San Bernardino	Efficiency	1 Bed	2 Bed	3 Bed	4 Bed
Rent @ 100% AMI 2015		\$1,164	\$1,396	\$1,614	
Utility Allowance		\$73	\$103	\$128	

Total Units 87

Unit Breakdown

Type	# of Units	AMI Restrictions	Rent/Unit	Utility Allow.	Rent Received	Total Rent	Section 8 PBVs	VASH Units	Housing Auth Rents	Diff TCAC vs HUD Rents	Overhang Income
1 Bed		30%	\$ 349	\$ 73	\$ 276	\$ -					
1 Bed		40%	\$ 466	\$ 73	\$ 393	\$ -					
1 Bed	18	30%	\$ 349	\$ 73	\$ 276	\$ 4,968		18	930	\$ 581	\$ 10,458
1 Bed		50%	\$ 582	\$ 73	\$ 509	\$ -			930	\$ 348	\$ -
2 Bed		30%	\$ 419	\$ 103	\$ 316	\$ -					
2 Bed		40%	\$ 559	\$ 103	\$ 456	\$ -					
2 Bed	28	30%	\$ 419	\$ 103	\$ 316	\$ 8,848		29	1150	\$ 731	\$ 21,199
2 Bed	22	50%	\$ 699	\$ 103	\$ 596	\$ 13,112	22		1150	\$ 451	\$ 9,922
3 Bed		30%	\$ 484	\$ 128	\$ 356	\$ -					
3 Bed		40%	\$ 646	\$ 128	\$ 518	\$ -					
3 Bed	3	30%	\$ 484	\$ 128	\$ 356	\$ 1,068		3	1525	\$ 1,041	\$ 3,123
3 Bed	15	50%	\$ 807	\$ 128	\$ 679	\$ 10,185	15		1525	\$ 718	\$ 10,770
Mngr Units (2bd)	1		\$ -	\$ -	\$ -	\$ -					
Avg/Total	87	38%	\$ 540	\$ 101	\$ 439	\$ 38,181.00	37	50	7,210	3,870	\$ 55,472

Total Sq. Ft	88,000	Monthly Rent Homeless	\$ 14,884
Low Inc Sq. Ft	88,000	Monthly Rent < 60% AMI	\$ 23,297
Ratio for credits	100.00%	Monthly Rent from Moderate & Market	\$ -
	0.00%	Total Monthly	\$ 38,181
		Total Annual Rent	\$ 458,172

Annual Rent < 60% AMI	\$ 279,564	# of VASH and/or Section 8	49
Vacancy	10.0% \$ (27,956)	VHHP Max Score Homeless	30.8
Annual Rent Homeless	\$ 178,608	VHHP Threshold	39.6
Vacancy	10.0% \$ (17,861)		
Annual Rent from Non Affordable	\$ - \$ 458,172	Avg. Aff. Rent	\$ 444
Vacancy	5.0% \$ -	Avg. Mkrt/Mng Rent	\$ -
Other Income	\$ 12.00 \$ 12,528	Avg Voucher Income	\$ 638
Vacancy Other Income	10.0% \$ (1,253)		
Effective Gross Income	\$ 423,630		

Section 8/VASH Overhang Income	\$ 665,664.00
Vacancy Overhang	10.0% \$ (66,566)
Effective Gross Overhang Income	\$ 599,098

Total Unit AMI Breakdown

% of AMI	Units w/ mr	Unit Ratio %	Aff. Unit Ratio %	Aff. Units	# Units by Bedroom	
30%	49	56.3%	57.0%	49	1 Bedroom	18 20.69%
35%	0	0.0%	0.0%	0	2 Bedroom	51 58.62%
40%	0	0.0%	0.0%	0	3 Bedroom	18 20.69%
45%	0	0.0%	0.0%	0	4 Bedroom	0 0.00%
50%	37	42.5%	43.0%	37		
60%	0	0.0%	0.0%	0		
110%	0	0.0%	0.0%	0		
Market	1	1.1%	0.0%	0		
Total	87			86		

OPERATING EXPENSES

Expenses	Budget	Per Sq. Ft.	Per Unit	Per Month
Monthly/Unit		97,778	87	
Salaries & Benefits				
Manager	\$ 38,000	\$ 0.39	\$ 437	\$ 3,167
Asst. Managers	\$ 20,000	\$ 0.20	\$ 230	\$ 1,667
Employee Apartment (manager/maint)	\$ -	\$ -	\$ -	\$ -
Employee Burden	30% \$ 17,400	\$ 0.18	\$ 200	\$ 1,450
Total Salaries & Benefits	\$ 75,400	\$ 0.77	\$ 867	\$ 6,283
Administrative	\$ 20,000	\$ 0.20	\$ 230	\$ 1,667
Business License Tax	\$ 2,000	\$ 0.02	\$ 23	\$ 167
Advertising/Marketing	\$ 10,000	\$ 0.10	\$ 115	\$ 833
Repairs & Maint.				
Maintenance Manager	\$ 35,000	\$ 0.36	\$ 402	\$ 2,917
Asst. Maintenance	\$ 20,000	\$ 0.20	\$ 230	\$ 1,667
Apartment Allowance	\$ -	\$ -	\$ -	\$ -
Employee Burden	30% \$ 16,500	\$ 0.17	\$ 190	\$ 1,375
Painting & Cleaning	\$ 800	\$ 0.18	\$ 200	\$ 1,450
Repairs & Maint.	\$ 800	\$ 0.18	\$ 200	\$ 1,450
Total Repairs & Maintenance	\$ 138,300	\$ 1.41	\$ 1,590	\$ 11,525
Contract Services				
Elevator Service Contract	\$ 7,500	\$ 0.08	\$ 86	\$ 625
Fire Sprinkler/Alarm Service	\$ 2,500	\$ 0.03	\$ 29	\$ 208
Trash	\$ 14	\$ 0.15	\$ 168	\$ 1,218
Pest Control	\$ 3,000	\$ 0.03	\$ 34	\$ 250
Landscape/Grounds Maintenance	\$ 750	\$ 0.09	\$ 103	\$ 750
Pool Service	\$ 400	\$ 0.05	\$ 55	\$ 400
Total Contract Services	\$ 41,416	\$ 0.42	\$ 476	\$ 3,451
Utilities				
Electric	\$ 375	\$ 0.33	\$ 375	\$ 2,719
Water & Sewer	\$ 525	\$ 0.47	\$ 525	\$ 3,806
Gas	\$ 100	\$ 0.09	\$ 100	\$ 725
Total Utilities	\$ 87,000	\$ 0.89	\$ 1,000	\$ 7,250
Management Fees	6.0% \$ 61,364	\$ 0.63	\$ 705	\$ 5,114
Land Lease	\$ -	\$ -	\$ -	\$ -
Legal/Audit	\$ 15,000	\$ 0.15	\$ 172	\$ 1,250
Real Estate Taxes (Market Rate)	0.00% \$ 4,500	\$ 0.05	\$ 52	\$ 375
Real Estate Taxes (CDFI)	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 185	\$ 0.16	\$ 185	\$ 1,341
Replacement Reserves	\$ 600	\$ 0.53	\$ 600	\$ 4,350
Voucher Mgt Fee (HPI)	\$ 18	\$ 0.19	\$ 214	\$ 1,548
Other Fees	0.42% \$ -	\$ -	\$ -	\$ -
Services Fee	\$ 50,571	\$ 0.32	\$ 581	\$ 4,214
Total Other	\$ 218,306	\$ 2.23	\$ 2,509	\$ 18,192
Total Expenses	55% \$ 560,422	\$ 5.73	\$ 6,442	\$ 46,702
Additional Project Expenses:				
Asset Management Fee - LP	\$ 5,000	\$ 0.05	\$ 57	\$ 417
Asset Management Fee - AGP	\$ 5,000	\$ 0.05	\$ 57	\$ 417
Managing General Partner Fee	\$ 10,000	\$ 0.10	\$ 115	\$ 833
Activity Fee	\$ -	\$ -	\$ -	\$ -
Total	\$ 20,000	\$ 0.20	\$ 230	\$ 1,667

SOURCES AND USES BUDGET

USES	TOTAL PROJECT COST	PER UNIT COSTS	70% PVC FOR NEW CONST/REHAB
LAND COST/ACQUISITION			
Land Cost or Value	3,350,000	38,506	-
Demolition	45,000	517	
Legal (Other)	-	-	
Land Lease Rent Prepayment		-	
Total Land Cost or Value	3,395,000	39,023	
Existing Improvements Value		-	
Off-Site Improvements	-	-	-
Total Acquisition Cost	-	-	
Total Land Cost / Acquisition Cost	3,395,000	39,023	
NEW CONSTRUCTION			
Site Work	-	-	-
Structures	17,355,000	199,483	17,355,000
General Requirements	-	-	-
Contractor Overhead	-	-	-
Contractor Profit	-	-	-
Prevailing Wages	-	-	-
General Liability Insurance	-	-	-
Other:	-	-	-
Total New Construction Costs	17,355,000	199,483	17,355,000
ARCHITECTURAL FEES			
Design	490,000	5,632	490,000
Supervision	120,000	1,379	120,000
Total Architectural Costs	610,000	7,011	610,000
Total Survey & Engineering	1,119,000	12,862	1,119,000
CONSTRUCTION INTEREST & FEES			
Construction Loan Interest	439,250	5,049	439,250
Origination Fee	188,250	2,164	188,250
Credit Enhancement/Application Fee	50,000	575	50,000
Bond Premium	-	-	-
Taxes	-	-	-
Insurance	185,000	2,126	185,000
Title & Recording	37,500	431	37,500
Other: (Construction Loan Interest Post CoFO)	564,750	6,491	
Other: (Specify)		-	-
Total Construction Interest & Fees	1,464,750	16,836	900,000
PERMANENT FINANCING			
Loan Origination Fee	39,733	457	
Credit Enhancement/Application Fee	-	-	
Title & Recording	17,500	201	
Taxes		-	
Insurance		-	
Other: (Specify)		-	
Other: (Specify)		-	
Total Permanent Financing Costs	57,233	658	
Subtotals Forward	24,000,983	275,873	19,984,000
LEGAL FEES			
Lender Legal Paid by Applicant	65,000	747	65,000
Other: (Bond Council & Partnership Legal)	100,000	1,149	100,000
Total Attorney Costs	165,000	1,897	165,000
RESERVES			
Rent Reserves		-	
Capitalized Rent Reserves		-	
3-Month Operating Reserve	270,882	3,114	
Other: (Transition Reserve)	656,892	7,550	
Total Reserve Costs	927,774	10,664	

APPRAISAL			
Total Appraisal Costs	13,000	149	13,000
Total Contingency Cost	870,000	10,000	870,000
OTHER PROJECT COSTS			
TCAC App/Allocation/Monitoring Fees	102,425	1,177	
Environmental Audit	-	-	-
Local Development Impact Fees	3,445,657	39,605	3,445,657
Permit Processing Fees	317,599	3,651	317,599
Capital Fees	-	-	-
Marketing	45,000	517	-
Furnishings	-	-	-
Market Study	10,000	115	10,000
Accounting/Reimbursables	106,000	1,218	15,000
Soft Cost Contingency	250,000	2,874	200,000
Other: (Broker's Commission)		-	-
Other: (Predevelopment Loan)	224,879	2,585	167,929
Other: (CDLAC Deposits)	-	-	
Other: (Misc.)	-	-	-
Other: (Utilities)	-	-	-
Other: (City Financing Fees)	-	-	-
Other: ()		-	-
Total Other Costs		-	-
SUBTOTAL PROJECT COST	4,501,560	51,742	4,156,185
DEVELOPER COSTS			
Developer Overhead/Profit	2,000,000	22,989	1,400,000
Consultant/Processing Agent		-	-
Project Administration		-	-
Broker Fees Paid to a Related Party		-	-
Const. Oversight by Developer		-	-
Other: (Specify)		-	-
Total Developer Costs	2,000,000	22,989	1,400,000
TOTAL PROJECT COSTS	32,478,317	373,314	26,588,185

DEBT SERVICE

Permanent Loan - 1st Trust Deed	
Max Allowable Cash Flow	
Present Loan Value	\$0
Current 10 yr Rate	2.26%
Base Spread	1.28%
24 month forward cost	0.57%
Cushion	1.25%
Underwriting Rate	5.360%
Term	20
DCR	1.150
Annual Payment	\$ 133,820
Monthly Payment	\$11,152
Constant	#DIV/0!
Max Allowable @ 80% Project Value/Cash Flow	
Requested Loan Value	\$0
Interest Rate	5.36%
Term	20
DCR	(28.97)
Annual Payment	\$15,960
Monthly Payment	\$1,330
Loan Origination Fee	1.00%
Loan Origination Fee	\$0

04-035

Tranch B PBV Supported Loan	
Present Loan Value	\$3,973,258
Interest Rate	5.36%
Term	15
DCR	1.15
Annual Payment	(\$386,045)
Monthly Payment	(\$32,170)
Loan Origination Fee	\$39,733

Construction Loan	
Amount	\$ 25,100,000
Interest Rate	3.000%
Term (Months)	24
Loan Origination Fee	0.75%
Draw Down Rate	65.00%
Total Interest Carry (Est)	\$ 978,900
Loan Fee	\$ 188,250
Const. Loan Stack	
Spread	1.800%
SIFMA/LIBOR	0.200%
Underwriting Cushion	1.000%
Total	3.000%

MHP & VHHP Service
\$ 15,960

90%

3973258.438

15 YR-CASH FLOW

Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Stabilized Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenues:															
Gross Potential Rent	\$ 458,172	\$ 469,626	\$ 481,367	\$ 493,401	\$ 505,736	\$ 518,380	\$ 531,339	\$ 544,623	\$ 558,238	\$ 572,194	\$ 586,499	\$ 601,161	\$ 616,190	\$ 631,595	\$ 647,385
Other Income	\$ 12,528	\$ 12,841	\$ 13,162	\$ 13,491	\$ 13,829	\$ 14,174	\$ 14,529	\$ 14,892	\$ 15,264	\$ 15,646	\$ 16,037	\$ 16,438	\$ 16,849	\$ 17,270	\$ 17,702
Gross Potential Rent PBV	\$ 665,664	\$ 682,306	\$ 699,363	\$ 716,847	\$ 734,769	\$ 753,138	\$ 771,966	\$ 791,265	\$ 811,047	\$ 831,323	\$ 852,106	\$ 873,409	\$ 895,244	\$ 917,625	\$ 940,566
Vacancy Loss (Incl. PBV)	\$ (113,636)	\$ (116,477)	\$ (119,389)	\$ (122,374)	\$ (125,433)	\$ (128,569)	\$ (131,783)	\$ (135,078)	\$ (138,455)	\$ (141,916)	\$ (145,464)	\$ (149,101)	\$ (152,828)	\$ (156,649)	\$ (160,565)
Total Net Revenues	1,022,728	1,048,296	1,074,503	1,101,366	1,128,900	1,157,122	1,186,050	1,215,702	1,246,094	1,277,247	1,309,178	1,341,907	1,375,455	1,409,841	1,445,087
Expenses:															
Salaries & Benefits															
Manager	38,000	39,330	40,707	42,131	43,606	45,132	46,712	48,347	50,039	51,790	53,603	55,479	57,421	59,430	61,510
Asst. Manager	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374
Employee Apartment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Burden	17,400	18,009	18,639	19,292	19,967	20,666	21,389	22,138	22,912	23,714	24,544	25,403	26,293	27,213	28,165
Total Salaries & Benefits	75,400	78,039	80,770	83,597	86,523	89,552	92,686	95,930	99,287	102,762	106,359	110,082	113,935	117,922	122,050
Administrative	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374
Business License Tax	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634	2,726	2,821	2,920	3,022	3,128	3,237
Advertising/Marketing	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111	15,640	16,187
Repairs & Maint.															
Maintenance Manager	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701	49,371	51,099	52,887	54,738	56,654
Asst. Maintenance	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374
Apartment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Burden	16,500	17,078	17,675	18,294	18,934	19,597	20,283	20,993	21,727	22,488	23,275	24,090	24,933	25,805	26,708
Painting & Cleaning	17,400	18,009	18,639	19,292	19,967	20,666	21,389	22,138	22,912	23,714	24,544	25,403	26,293	27,213	28,165
Repairs & Maint.	17,400	18,009	18,639	19,292	19,967	20,666	21,389	22,138	22,912	23,714	24,544	25,403	26,293	27,213	28,165
Total Repairs & Maintenance	138,300	143,141	148,150	153,336	158,702	164,257	170,006	175,956	182,115	188,489	195,086	201,914	208,981	216,295	223,865
Contract Services															
Elevator Service Contract	7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,878	10,222	10,579	10,950	11,333	11,730	12,140
Fire Sprinkler/Alarm Service	2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407	3,526	3,650	3,778	3,910	4,047
Trash	14,616	15,128	15,657	16,205	16,772	17,359	17,967	18,596	19,246	19,920	20,617	21,339	22,086	22,859	23,659
Pest Control	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856
Landscape/Grounds Maintenance	9,000	9,315	9,641	9,978	10,328	10,689	11,063	11,451	11,851	12,266	12,695	13,140	13,600	14,076	14,568
Security Monitor	4,800	4,968	5,142	5,322	5,508	5,701	5,900	6,107	6,321	6,542	6,771	7,008	7,253	7,507	7,770
Total Contract Services	41,416	42,866	44,366	45,919	47,526	49,189	50,911	52,693	54,537	56,446	58,421	60,466	62,582	64,773	67,040
Utilities															
Electric	32,625	33,767	34,949	36,172	37,438	38,748	40,104	41,508	42,961	44,465	46,021	47,632	49,299	51,024	52,810
Water & Sewer	45,675	47,274	48,928	50,641	52,413	54,248	56,146	58,111	60,145	62,250	64,429	66,684	69,018	71,434	73,934
Gas	8,700	9,005	9,320	9,646	9,983	10,333	10,695	11,069	11,456	11,857	12,272	12,702	13,146	13,606	14,083
Total Utilities	87,000	90,045	93,197	96,458	99,835	103,329	106,945	110,688	114,562	118,572	122,722	127,017	131,463	136,064	140,826
Management Fees	61,364	62,898	64,470	66,082	67,734	69,427	71,163	72,942	74,766	76,635	78,551	80,514	82,527	84,590	86,705
Land Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal/Audit	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280
Real Estate Taxes (Market Rate)	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378	5,485	5,595	5,707	5,821	5,938
Insurance	16,095	16,658	17,241	17,845	18,469	19,116	19,785	20,477	21,194	21,936	22,704	23,498	24,321	25,172	26,053
Replacement Reserves	\$ 52,200	\$ 53,766	\$ 55,379	\$ 57,040	\$ 58,752	\$ 60,514	\$ 62,330	\$ 64,199	\$ 66,125	\$ 68,109	\$ 70,152	\$ 72,257	\$ 74,425	\$ 76,657	\$ 78,957
Voucher Mgt Fee (HPI)	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576	\$ 18,576
Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services Fee	\$ 50,571	\$ 52,341	\$ 54,173	\$ 56,069	\$ 58,032	\$ 60,063	\$ 62,165	\$ 64,341	\$ 66,593	\$ 68,923	\$ 71,336	\$ 73,832	\$ 76,417	\$ 79,091	\$ 81,859
Total Other	218,306	224,354	230,590	237,019	243,646	250,480	257,525	264,789	272,278	280,001	287,963	296,173	304,638	313,368	322,369
Total Expenses:	560,422	578,444	597,073	616,329	636,232	656,806	678,073	700,056	722,780	746,270	770,551	795,652	821,599	848,422	876,150
Net Operating Income:	462,306	469,851	477,430	485,037	492,668	500,316	507,978	515,646	523,314	530,977	538,626	546,255	553,856	561,419	568,937
Debt Service:															
1st TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tranch B TD	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045	386,045
MHP & VHHP Fees	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960	15,960
	1.15	1.17	1.19	1.21	1.23	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42
Cash Flow After Debt Service	60,301	67,846	75,425	83,032	90,663	98,311	105,973	113,641	121,310	128,972	136,622	144,250	151,851	159,414	166,932
Additional Project Expenses:															
Asset Management Fee - LP	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720	\$ 6,921	\$ 7,129	\$ 7,343	\$ 7,563
Asset Management Fee - AGP	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720	\$ 6,921	\$ 7,129	\$ 7,343	\$ 7,563
Managing General Partner Fee	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,668	\$ 13,048	\$ 13,439	\$ 13,842	\$ 14,258	\$ 14,685	\$ 15,126
Activity Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335	\$ 26,095	\$ 26,878	\$ 27,685	\$ 28,515	\$ 29,371	\$ 30,252
Cash Flows after Additional Project Expenses	\$ 40,301	\$ 47,246	\$ 54,207	\$ 61,178	\$ 68,152	\$ 75,126	\$ 82,092	\$ 89,043	\$ 95,974	\$ 102,877	\$ 109,743	\$ 116,566	\$ 123,336	\$ 130,044	\$ 136,680

TAX CREDIT SCHEDULE

Tax Credit Calculation		9%
Total Unadjusted Basis		26,588,185
less Basis Reduction	\$ 7,780,442	
Total Eligible Basis		18,807,743
X High Cost Bonus	130%	
Total Adjusted Legible Basis		24,450,065
X Applicable Fraction	100.0%	
Total Qualified Basis		24,450,065
Total Credit Reduction	0.00%	
Total Adjusted Qualified Basis		24,450,065
X Fed Credit Rate	9.00%	2,200,506
X # of Years of Fed Credit	10	22,005,059
X Tax Credit Factor - Fed	\$ 1.00	22,005,059
Equity to Project		22,005,059
Elasticity Factor		82.76%
Tie Breaker	Tie Break Score	
	Public Funds Ratio	38.72%
	Basis Ratio	14.03%
		52.75%

Point	
Cost Efficiency	7.00
Credit Reduction	-
Public Funds Ratio	18.00
TOTAL	25.00

Threshold Basis Calculation		As of 1/14/2016		
Unit Size	Basis Limit	No. Of Units	Total Basis	
Efficiency	\$165,082	0	0	
1	\$190,338	18	3,426,084	
2	\$229,600	51	11,709,600	
3	\$293,888	18	5,289,984	
4	\$327,410	0	0	
			20,425,668	
			20,425,668	
Prevailing Wage	Y	20%	4,085,134	
Parking Beneath Units	N	7%	0	
Elevator Service	N	10%	0	
Day Care on Site	N	2%	0	
100% for Special Needs	N	2%	0	
3 or more energy efficiency	Y	4%	817,027	
Seismic Upgrade or Toxic Mit.	N	15%	0	
Energy Technologies	N	5%	0	
Local Dev. Impact Fees			3,445,657	
TOTAL			28,773,485	

SOURCES OF FUNDS

CONSTRUCTION

Construction Loan	\$	25,100,000
County (HOME funds)	\$	2,100,000
Tax Credit Equity	\$	4,401,012
Deferred Operating Reserve	\$	270,882
Def. Dev. Fee	\$	606,423
TOTAL SOURCES	\$	32,478,317

PERMANENT

Perm Loan	\$	-
Tranche B Loan	\$	3,973,258
County (HOME funds)	\$	2,100,000
State of California (VHHP Funds)	\$	3,800,000
Tax Credit Equity	\$	22,005,059
Def. Dev. Fee	\$	600,000
TOTAL SOURCES	\$	32,478,317

EXHIBIT C

SCHEDULE OF PERFORMANCE

Item	Obligation/Duty	Date of Completion
1.	<u>Land Use Entitlements</u> Per Section 3.1, the Partnership shall cause the Land Use Entitlements to be obtained.	Completed
2.	<u>Permits and Approvals</u> Per Section 3.2, the Partnership shall obtain all permits and approvals necessary for the Construction of the Development	January 1, 2017
3.	<u>Construction Contract</u> Per Section 3.3, Not later than 30 days prior to proposed Commencement of Construction.	No later than January 30, 2017
4.	<u>Bid Package</u> The General Contractor is to provide a Bid Package to all Sub-Contractors	No later than February 1, 2017
5.	<u>Construction Bonds.</u> Not later than 30 days prior to Commencement of Construction	No later than January 1, 2017
6.	<u>Commencement of Construction</u> The date set for the start of construction of the Development in the notice to proceed.	No later than March 1, 2017
7.	<u>Management Plan:</u> Partnership submits initial proposed management plan to the County for approval.	No later than 120 days after receipt by Partnership from TCAC of a reservation of Tax Credits.
8.	<u>County Approved Management Plan:</u> County to approve management plan.	Not later than fifteen (15) business days after receipt of a complete Management Plan from Partnership.
9.	<u>Construction Contract:</u> Partnership shall submit Construction Contract to County for approval.	Not later than 150 days after receipt by Partnership from TCAC of a reservation of Tax Credits for the Project
10.	<u>Construction Contract Approval:</u> The County shall approve, conditionally approve, or disapprove	Not later than ten business days after receipt of

	the Construction Contract	Construction Contract from Partnership.
11.	<u>Insurance Requirements:</u> Partnership to furnish insurance coverage.	Not later than one day prior to the TCAC Readiness to Proceed closing deadline.
12.	<u>Building Permits:</u> Partnership shall obtain Building Permits for the development	Not later than 180 days after receipt by Partnership from TCAC of a reservation of Tax Credits for the Project.
13.	<u>Precedent to Disbursement of County Grant:</u> Developer has satisfied all conditions for disbursement of the County.	Not later than 180 days after receipt by Partnership from TCAC of a reservation of Tax Credits for the project.
14.	<u>Commence Construction:</u>	September 2018

EXHIBIT D

FORM OF PROMISSORY NOTE

PROMISSORY NOTE
SECURED BY DEED OF TRUST
(Loma Linda Veterans Village)

\$2,100,000

San Bernardino, California
July __, 2016

FOR VALUE RECEIVED, the undersigned Loma Linda Vets, L.P., a California limited partnership ("Borrower") hereby promises to pay to the order of the County of San Bernardino, a political subdivision of the State of California ("Holder"), the principal amount of up to Two Million One Hundred Thousand Dollars (\$2,100,000), subject to Section 2.6 of the Loan Agreement, plus interest thereon pursuant to section 2 below.

1. Borrower's Obligation. This Promissory Note Secured by Deed of Trust (the "Note") evidences Borrower's obligation to repay Holder the principal amount of up to Two Million One Hundred Thousand Dollars (\$2,100,000) for the funds loaned to Borrower by Holder to finance the construction of the Development pursuant to the HOME Investment Partnerships Act Loan Agreement between Borrower and Holder of even date herewith (the "Loan Agreement"). All capitalized terms used but not defined in this Note have the meanings set forth in the Loan Agreement.

2. Interest.

(a) Subject to the provisions of subsection (b) below, simple interest will accrue on the outstanding principal balance of the Loan at a per annum rate of simple interest equal to three percent (3%), commencing on the date of disbursement until full repayment of the principal of the Loan.

(b) If an Event of Default occurs, interest will accrue on all amounts due under this Note at the Default Rate until such Event of Default is cured by Borrower or waived by Holder.

3. Term and Repayment Requirements. The unpaid principal balance hereunder, together with accrued interest thereon, is due and payable no later than the date that is the fifty-fifth (55th) anniversary of the Completion Date (as defined in the Loan Agreement). This Note is due and payable as set forth in Section 2.7 of the Loan Agreement.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in the Loan Agreement.

5. Security. This Note, with interest, is secured by the Deed of Trust. Upon execution, the Deed of Trust will be recorded in the official records of San Bernardino County, California. Upon recordation of the Deed of Trust, this Note will become nonrecourse to Borrower, pursuant to and except as provided in Section 2.8 of the Loan Agreement which

section is hereby incorporated into this Note. The terms of the Deed of Trust are hereby incorporated into this Note and made a part hereof.

6. Terms of Payment.

(a) Borrower shall make all payments due under this Note in currency of the United States of America to Holder at Department of Community Development and Housing, County of San Bernardino, 385 North Arrowhead Ave Third Floor, San Bernardino, CA 92415-0121, Attn: Community Development and Housing Director, or to such other place as Holder may from time to time designate.

(b) All payments on this Note shall be without expense to Holder, and Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of Borrower under this Note, if, for any reason whatsoever, the payment of any sums by Borrower pursuant to the terms of this Note would result in the payment of interest that exceeds the amount that Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate will automatically be deducted from the principal balance owing on this Note, so that in no event is Borrower obligated under the terms of this Note to pay any interest that would exceed the lawful rate.

(d) The obligations of Borrower under this Note are absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

(e) Borrower may prepay the amounts due under this Note at any time without premium or penalty.

7. Event of Default; Acceleration.

(a) Upon the occurrence of an Event of Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of Holder, become immediately due and payable without further demand.

(b) Holder's failure to exercise the remedy set forth in subsection 7(a) above or any other remedy provided by law upon the occurrence of an Event of Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Event of Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Borrower.

(b) Any extension of time for payment of this Note or any installment hereof made by agreement of Holder with any person now or hereafter liable for payment of this Note must not operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

9. Miscellaneous Provisions.

(a) All notices to Holder or Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as Holder and Borrower may therein designate.

(b) Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder are to be strictly construed, time being of the essence.

(f) The Loan Documents, of which this Note is a part, contain the entire agreement between the parties as to the Loan. This Note may not be modified except upon the written consent of the parties.

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

BORROWER:

LOMA LINDA VETS, L.P., a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, Board President

EXHIBIT E

FORM OF DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave Third Floor
San Bernardino, CA 92415-0121
Attn: Community Development and Housing Director

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING**
(Loma Linda Veterans Village)

DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING
(Loma Linda Veterans Village)

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("Deed of Trust") is made as of July __, 2016, by and among Loma Linda Vets, L.P., a California limited partnership ("Trustor"), North American Title Insurance Company (as "Trustee"), and the County of San Bernardino, a political subdivision of the State of California (as "Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness 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, Trustor's fee interest in the property located at 25303 Van Leuven Street, in the City of Loma Linda, County of San Bernardino, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

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

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or will be, attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING THE FOLLOWING OBLIGATIONS (collectively, the "Secured Obligations"):

A. Payment to Beneficiary of all sums at any time owing under or in connection with the Note (defined in Section 1.4 below) until paid or cancelled and any other amounts owing under the Loan Documents (defined in Section 1.3 below). Said principal and other payments are due and payable as provided in the Note or other Loan Documents, as applicable. The Note and all its terms are incorporated herein by reference, and this conveyance secures any and all extensions thereof, however evidenced;

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein;

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents; and

D. All modifications, extensions and renewals of any of the Secured Obligations (including without limitation: (1) modifications, extensions or renewals at a different rate of interest; or (2) deferrals or accelerations of the required principal payment dates or interest

payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

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

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms have the following meanings in this Deed of Trust:

Section 1.1 The term "Loan" means the loan made by the Beneficiary to the Trustor in the amount up to Two Million One Hundred Thousand Dollars (\$2,100,000), subject to Section 2.6 of the Loan Agreement.

Section 1.2 The term "Loan Agreement" means that certain HOME Investment Partnerships Act Loan Agreement between Trustor and Beneficiary, dated July __, 2016, as such may be amended from time to time, providing for the Beneficiary to loan to Trustor up to Two Million One Hundred Thousand Dollars (\$2,100,000) subject to Section 2.6 of the Loan Agreement.

Section 1.3 The term "Loan Documents" means this Deed of Trust, the Note, the Loan Agreement, and the Regulatory Agreement, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Loan.

Section 1.4 The term "Note" means the Promissory Note in the principal amount of up to Two Million One Hundred Thousand Dollars (\$2,100,000) of even date herewith, executed by Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (A copy of the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

Section 1.5 The term "Principal" means the amount required to be paid under the Note.

Section 1.6 The term "Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith by and between the Beneficiary and the Trustor.

ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

(a) The Trustor agrees that at all times prior to full payment and performance of the Secured Obligations, the Trustor will, at the Trustor's own expense, maintain, preserve and

keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary has no responsibility in any of these matters or for the making of improvements or additions to the Security.

(b) Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary exercises its rights as agent of Trustor only in the event that Trustor fails to take, or fails to diligently continue to take, those actions as hereinbefore provided.

(c) Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary specifies upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained requires Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of San Bernardino County, a surety bond in an amount 1 and 1/4 times the amount of such claim item to protect against a claim of lien, or provide other form of security acceptable to the Beneficiary at the Beneficiary's sole and absolute discretion.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law, and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

(a) Subject to the rights of any approved senior mortgage lender, as part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the

Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the Secured Obligations with the balance, so long as no such breach has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to, rents then due and unpaid, and all such rents will immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor contains a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

(b) Subject to the rights of any approved senior mortgage lender, Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

(c) Upon Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver will be entitled to receive a reasonable fee for so managing the Property.

(d) All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents are to be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies,

taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this deed of Trust. Beneficiary or the receiver is to have access to the books and records used in the operation and maintenance of the Property and will be liable to account only for those rents actually received. Beneficiary is not liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

(e) If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes will become part of the Secured Obligations pursuant to Section 3.3 hereof. Subject to Section 2.8 of the Loan Agreement, unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts are payable by Trustor to Beneficiary upon notice from Beneficiary to Trustor requesting payment thereof and will bear interest from the date of disbursement at the rate stated in Section 3.3.

(f) If the Beneficiary or the receiver enters upon and takes and maintains control of the Property, neither that act nor any application of rents as provided herein will cure or waive any default under this Deed of Trust or invalidate any other right or remedy available to Beneficiary under applicable law or under this Deed of Trust. This assignment of rents of the Property will terminate at such time as this Deed of Trust ceases to secure the Secured Obligations.

ARTICLE 3 TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

(a) Trustor shall pay, or cause to be paid, prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company that are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor is not required to pay and discharge any such tax, assessment, charge or levy so long as: (1) the legality thereof is promptly and actively contested in good faith and by appropriate proceedings; and (2) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges can be paid in installments, Trustor may pay in such installments. Except as provided in clause (2) of the first sentence of this paragraph, the provisions of this Section 3.1 may not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

(b) In the event that Trustor fails to pay any of the items required by this Section to be paid by Trustor, Beneficiary may (but is under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the

maximum rate permitted by law, will become part of the Secured Obligations secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

(a) Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid, all Secured Obligations secured hereunder have been fulfilled, and this Deed of Trust has been reconveyed.

(b) All such insurance policies and coverages are to be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, are to be delivered to the Beneficiary upon demand therefor at any time prior to Trustor's satisfaction of the Secured Obligations.

Section 3.3 Advances.

(a) In the event the Trustor fails to maintain the full insurance coverage required by this Deed of Trust or fails to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but is under no obligation to): (1) take out the required policies of insurance and pay the premiums on the same; and (2) make any repairs or replacements that are necessary and provide for payment thereof. All amounts so advanced by the Beneficiary will become part of the Secured Obligations (together with interest as set forth below) and will be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, will bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

All judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) the taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property or any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property (collectively, the "Funds") are hereby assigned to and are to be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part to any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary determines at its sole option. The Beneficiary is entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof will not cure or waive any default under this Deed of Trust.

The rights of the Beneficiary under this Section 4.1 are subject to the rights of any senior mortgage lender. The Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that Trustor (taking into account the Funds) has sufficient funds to rebuild the improvements in substantially the form that existed prior to the casualty or condemnation.

ARTICLE 5 AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined in Section 7.1) hereunder, and if the Beneficiary employs attorneys or incurs other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary. Any such amounts paid by the Beneficiary will be added to the Secured Obligations, and will bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust is deemed to be fixtures and part of the real property and this Deed of Trust constitutes a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust constitutes a security agreement under the California Commercial Code.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor shall perform all acts that the Beneficiary reasonably requests so as to enable the Beneficiary to maintain a valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such

financing statement in any jurisdiction(s) as it deems appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times upon forty-eight (48) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, may inspect the Security, without payment of charges or fees.

Section 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, successors and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age (except for lawful senior housing in accordance with state and federal law), familial status, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor may Borrower or any person claiming under or through Borrower 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, subtenants, sublessees or vendees in the Property. Borrower shall comply with Executive Orders 11246, 11375, 11625, 12138, 12431, 12250, 13672, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other applicable Federal, State and local laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted. The foregoing covenant will run with the land.

ARTICLE 6
HAZARDOUS WASTE

(a) Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction or operation of a multi-family residential development.

(b) Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (1) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (2) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (3) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) Beneficiary has the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (1) all foreseeable consequential damages; (2) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (3) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (1) and (2), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (i) losses attributable to diminution in the value of the Property; (ii) loss or restriction of use of rentable space on the Property; (iii) adverse effect on the marketing of any rental space on the Property; and (iv) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties).

(d) Without Beneficiary's prior written consent, which may not be unreasonably withheld, Trustor may not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgment, impairs the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent is not necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor notifies Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is

required hereunder, if: (1) a particular remedial action is ordered by a court of competent jurisdiction; (2) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (3) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (4) the action has been agreed to by Beneficiary.

(e) The Trustor hereby acknowledges and agrees that: (1) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (2) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (1) waive its lien on such environmentally impaired or affected portion of the Property; and (2) exercise: (i) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment; and (ii) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor will be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or in the exercise of reasonable diligence should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the default rate specified in the Loan Agreement until paid, will be added to the indebtedness secured by this Deed of Trust and will be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following are events of default following the expiration of any applicable notice and cure periods (each an "Event of Default"): (a) failure to make any payment to be paid by Trustor under the Loan Documents; (b) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination; (c) failure to make any payment or observe or perform any of Trustor's other covenants, agreements, or obligations under any Secured Obligations, which default is not cured within the times and in the manner provided therein; and (d) failure to make any payments or observe or perform any of Trustor's other covenants, agreements or obligations under any other debt instrument or regulatory agreement secured by the Property, which default is not cured within the time and in the manner provided therein.

Section 7.2 Acceleration of Maturity.

If an Event of Default has occurred and is continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and all unpaid Secured Obligations are immediately due and payable, and no omission on the part of the Beneficiary to exercise such option when entitled to do so may be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default has occurred and is continuing, the 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 the Property and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security will not cure or waive any Event of Default or Notice of Sale (as defined in Section 7.3(c), below) hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Sale, and, notwithstanding the continuance in possession of the Security, Beneficiary will be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(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 an Event of Default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Sale"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of San Bernardino County; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing the Secured Obligations.

Section 7.4 Foreclosure By Power of Sale.

(a) Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall deliver to the Trustee the Notice of Sale and shall deposit with Trustee the Note which is secured hereby (and the deposit of which will be deemed to constitute evidence that the Secured Obligations are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(b) Upon receipt of the Notice of Sale from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as is then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after the lapse of that amount of time as is then required by law and after recordation of such Notice of Sale as required by law, sell the Security, at the time and place of sale set forth in the Notice of Sale, whether as a whole or in separate lots or parcels or items, as Trustee deems expedient and in such order as it determines, unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), 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 its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts will be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

(c) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (1) the unpaid Principal amount of the Note; (2) all other Secured Obligations owed to Beneficiary under the Loan Documents; (3) all other sums then secured hereby; and (4) the remainder, if any, to Trustor.

(d) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, 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.

Section 7.5 Receiver.

If an Event of Default occurs and is continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, may apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers will 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, and will continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy will be cumulative and concurrent and will be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default will exhaust or impair any such right, power or remedy, and may not be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's express or implied consent to breach, or waiver of, any obligation of the Trustor hereunder will not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, will not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary: (1) grants forbearance or an extension of time for the payment or performance of any Secured Obligation; (2) takes other or additional security or the payment of any sums secured hereby; (3) waives or does not exercise any right granted in the Loan Documents; (4) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents; (5) consents to the granting of any easement or other right affecting the Security; or (6) makes or consents to any agreement subordinating the lien hereof, any such act or omission will not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor will any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, will the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary has the power to: (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust; (b) preserve or protect its interest (as described in this Deed of Trust) in the Security; and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment,

rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, will be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount that becomes due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any Secured Obligations or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments.

This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Secured Obligations have been paid or forgiven, and all obligations under the Loan Documents have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

(a) If at any time after the execution of this Deed of Trust it becomes necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication must be in writing and is to be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary is to be addressed to:

Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave Third Floor
San Bernardino, CA 92415-0043

Attn: Community Development and Housing Director

With a copy to:

Goldfarb & Lipman, LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Rafael Yaquian

and (2) if intended for Trustor is to be addressed to:

Loma Linda Vets LP
c/o Meta Housing Corporation
1640 S. Sepulveda Blvd., Suite 525
Los Angeles, CA 90025
Attn: Chairman and CEO

with a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

with a copy to:

Housing Partners I, Inc.
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: President

with a copy to:

Investor Limited Partner and the Investor Limited Partner's counsel at the addresses to be provided.

(b) Any notice, demand or communication will be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective. Trustor's limited partner shall have all the notice and cure rights set forth in the Loan Agreement.

Section 8.4 Successors and Joint Trustors.

Where an obligation created herein is binding upon Trustor, the obligation also applies to and binds any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation will be deemed to

be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor will be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 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.

Section 8.6 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 or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity will not affect the balance of the terms and provisions hereof, which terms and provisions will remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, will be considered to have been first paid or applied to the full payment of that portion of the debt that is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust is governed by the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular includes the plural and the masculine includes the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage also refers to a deed of trust and any reference to a deed of trust also refers to a mortgage.

Section 8.10 Actions.

Trustor shall appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution is to be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the

county or counties in which the Property is situated, will be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of a pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee is a party unless brought by Trustee.

Section 8.14 Tax Credit Provisions.

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

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the Regulatory Agreement with the California Tax Credit Allocation Committee: (a) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause); (b) nor may any rent be increased except as otherwise permitted under Section 42 of the Internal Revenue Code.

[Signature Page Follows]

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

TRUSTOR:

LOMA LINDA VETS, L.P., a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, Board President

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

EXHIBIT A
TO EXHIBIT E

LEGAL DESCRIPTION

The land is situated in the State of California, County of San Bernardino, City of Loma Linda and is described as follows:

PARCEL 1:
MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILWAY AND SOUTH OF THE FOLLOWING DESCRIBED LINE; BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

EXCEPTING THEREFROM THE WEST 8 FEET.

PARCEL 2:
MOUND CITY, EAST 2 ACRES OF BLOCK 41, EXCEPTING THEREFROM THAT PORTION LYING SOUTH OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES. THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

ALSO EXCEPTING THEREFROM THE WEST 8 FEET AND THE NORTH 110 FEET.

PARCEL 3:
MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, COMMENCING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 8 FEET TO THE TRUE POINT OF BEGINNING; THENCE EAST 40 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID BLOCK 41 102 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110 FEET OF SAID BLOCK 41 DISTANT 65 FEET EAST OF THE WEST LINE OF THE ABOVE SAID 2 ACRES; THENCE WEST 57 FEET; THENCE NORTH 110 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:
THE NORTH 110.00 FEET OF THE EAST 2 ACRES OF THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, BORDERED ON THE NORTH BY VAN LEUVEN STREET (50.00 FEET WIDE) AND ON THE SOUTH BY THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY;

CEI
P.A

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTION:

BEGINNING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES; THENCE EAST 48.00 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHEAST CORNER OF THE PARCEL OF LAND CONVEYED TO INEZ R. LANGFORD LACROSS, BY DEED RECORDED APRIL 28, 1948, IN BOOK 2220, PAGE 152, OFFICIAL RECORDS; THENCE SOUTH, PARALLEL WITH THE EAST LINE OF SAID LACROSS PARCEL 102.00 FEET TO A POINT, THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110.00 FEET OF SAID EAST 2 ACRES OF THE WEST LINE THEREOF; THENCE WEST ALONG THE SOUTH LINE OF SAID NORTH 110.00 FEET; A DISTANCE OF 65.00 FEET TO THE WEST LINE OF SAID EAST 2 ACRES; THENCE NORTH ALONG SAID WEST LINE 110.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5:
THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS, BEGINNING AT A POINT IN THE NORTH LINE OF SAID BLOCK 41, 325.00 FEET EAST OF THE NORTHWEST CORNER OF SAID BLOCK 41, SAID POINT ALSO BEING THE NORTHEAST CORNER OF A PARCEL OF LAND CONVEYED TO TOM M. AULT, ET UX., RECORDED JANUARY 16, 1952, IN BOOK 2881, PAGE 364, OFFICIAL RECORDS; THENCE CONTINUING EAST ALONG THE NORTHERLY LINE OF SAID BLOCK, 76.68 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHWEST CORNER OF THE EAST 2 ACRES OF THAT PORTION OF SAID BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE SOUTH PARALLEL WITH SAID WEST LINE OF THE EAST 2 ACRES TO THE NORTHERLY LINE OF SAID SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID RAILROAD RIGHT OF WAY TO A POINT WHICH IS 329.87 FEET EASTERLY OF THE WEST LINE OF SAID BLOCK 41; THENCE NORTHERLY TO THE POINT OF BEGINNING.

PARCEL 6:
PARCEL 2 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE. 49, RECORDS OF SAID COUNTY.

PARCEL 7:
PARCEL 1 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE 49, RECORDS OF SAID COUNTY.

APN: 0283-142-05-0-000, 0283-142-06-0-000, 0283-142-07-0-000, 0283-142-11-0-000, 0283-142-12-0-000, 0283-201-43-0-000 AND 0283-201-44-0-000

EXHIBIT F

FORM OF REGULATORY AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave, Third Floor
San Bernardino, CA 92415-0121
Attn: Community Development and Housing Director

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Loma Linda Veterans)

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Loma Linda Veterans)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated July __, 2016, and is between the County of San Bernardino, a political subdivision of the State of California (the "County"), and Loma Linda Vets, L.P., a California limited partnership ("Borrower").

RECITALS

A. Defined Terms used but not defined in these recitals are as defined in Article 1 of this Agreement.

B. Borrower is acquiring a fee interest in the real property located in the City of Loma Linda, County of San Bernardino, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct on the Property an eighty-seven (87) unit multifamily affordable housing development (including one manager's unit) (the "Improvements"). The Improvements and the Property are referred to as the "Development".

C. Pursuant to a HOME Investment Partnerships Act Loan Agreement by and between the County and Borrower, dated as of July __, 2016 (the "Loan Agreement"), the County has made a loan of up to Two Million One Hundred Thousand Dollars (\$2,100,000) of HOME Investment Partnerships Act funds ("HOME Funds") to fund costs associated with the acquisition and construction of the Improvements (the "Loan"). The County has the authority to loan the HOME Funds pursuant to 24 C.F.R. 92.205.

D. The County has agreed to make the Loan on the condition that the Development be maintained and operated in accordance with the HOME Regulation for the entire HOME Term and thereafter restrictions concerning affordability, operation, and maintenance that are set forth in this Agreement and in the related documents evidencing the Loan.

E. In consideration of receipt of the Loan at an interest rate substantially below the market rate, Borrower agrees to observe all the terms and conditions set forth below.

The parties therefore agree as follows.

ARTICLE 1
DEFINITIONS; EXHIBITS

1.1 Definitions.

The following terms have the following meanings:

- (a) "Actual Household Size" means the actual number of persons in the applicable household.
- (b) "Adjusted Income" means the total anticipated annual income of all persons in the Tenant household as calculated pursuant to 24 C.F.R. 92.203(b)(1). Adjusted income includes income from all persons in the household, including nonrelated individuals.
- (c) "Agreement" has the meaning set forth in the first paragraph of this Agreement.
- (d) "City" means the City of Loma Linda, a municipal corporation.
- (e) "Completion Date" means the date that all of the following have occurred: (1) a final certificate of occupancy, or equivalent document is issued by the City to certify completion of the construction of the Development; (2) the final disbursement of HOME funds for the Development has been made; (3) the County has verified the Development complies with the property standards set forth in 24 C.F.R. 92.251; and (4) all project completion information has been entered by the County into the Integrated Disbursement and Information System (IDIS).
- (f) "Completion of Construction" means the date the construction of the Development is completed as evidenced by the issuance of a certificate of occupancy or equivalent document issued by the City, to certify completion of the construction of the Development.
- (g) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Borrower, as trustor, North American Title Insurance Company, as trustee, and the County, as beneficiary, that will encumber the Property to secure repayment of the Loan and Borrower's performance of the covenants set forth in the documents evidencing the Loan.
- (h) "Development" has the meaning set forth in Paragraph B of the Recitals.
- (i) "High HOME Rent" means a monthly Rent amount not exceeding the maximum rent published by HUD for a Low Income Household for the applicable bedroom size as set forth in 24 C.F.R. 92.252(a).
- (j) "HOME" means Home Investment Partnerships Act Program funded pursuant to the Cranston-Gonzales National Housing Act of 1990.
- (k) "HOME-Assisted Units" means the fifteen (15) Units within the Development designated as assisted by the County pursuant to this Agreement, which Units are "floating" Units as defined in 24 C.F.R. 92.252(j).
- (l) "HOME Funds" has the meaning set forth in Paragraph C of the Recitals.
- (m) "HOME Regulations" means the regulations set forth in 24 C.F.R. Part 92.

(n) "HOME Term" means the period beginning on the date of this Agreement and ending on the twentieth (20th) anniversary of the date of this Agreement. After the expiration of the HOME Term, for the purposes of the HOME Regulations, the Development will no longer be considered an existing HOME assisted rental project.

(o) "HUD" means the United States Department of Housing and Urban Development.

(p) "Loan" has the meaning set forth in Paragraph C of the Recitals.

(q) "Loan Agreement" has the meaning set forth in Paragraph C of the Recitals.

(r) "Loan Documents" means the documents executed by Borrower evidencing the Loan, including this Agreement, the Note, Deed of Trust, and the Loan Agreement.

(s) "Low HOME Rent" means a monthly Rent amount not exceeding the maximum rent published by HUD for a Very Low Income Household for the applicable bedroom size or as otherwise set forth in 24 C.F.R. 92.252(b).

(t) "Low Income Household" means a Tenant household with an Adjusted Income that does not exceed eighty percent (80%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than eighty percent (80%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, as such definition may be amended pursuant to 24 C.F.R. Section 92.2. An individual who is a student that is ineligible to receive Section 8 assistance under 24 C.F.R. 5.612, and thus ineligible to receive any type of HOME assistance, shall not qualify as a Low Income Household.

(u) "Low Income Units" means the Units which, pursuant to Section 2.1 below, are required to be occupied by Low Income Households.

(v) "Management Agent" has the meaning set forth in Section 5.2.

(w) "Median Income" means the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of San Bernardino, California, as published from time to time by HUD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County will provide Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

(x) "Note" means the promissory note dated July __, 2016, that evidences Borrower's obligation to repay the Loan, as such may be amended from time to time.

(y) "Property" has the meaning set forth in Paragraph B of the Recitals.

(z) "Rent" means the total monthly payments by the Tenant of a Unit for the following: (1) use and occupancy of the Unit and land and associated facilities, including parking; (2) any reasonable and customary separately charged fees or service charges assessed by Borrower which are required of all Tenants which meet the requirements under 24 C.F.R. 92.214(b)(3), other than security deposits; (3) the County-approved utility allowance, calculated pursuant to 24 C.F.R. 92.252(d) or otherwise determined based upon the specific utilities used at the Development as allowed under 24 C.F.R. 92.252(d)(1), for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and (4) any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Borrower, and paid by the Tenant. In no event shall the Rent of a Unit exceed the amount approved by the County pursuant to Section 2.2 hereof.

(aa) "Service Provider" has the meaning set forth in Section 5.6.

(bb) "Tenant" means the tenant household that occupies a Unit in the Development.

(cc) "Tenant Services" has the meaning set forth in Section 5.6.

(dd) "Term" means the term of this Agreement which commences as of the date of this Agreement, and unless sooner terminated pursuant to the terms of this Agreement, expires on the date fifty-five (55) years from the Completion Date.

(ee) "Unit(s)" means one (1) or more of the units in the Development.

(ff) "Very Low Income Household" means a household with an Adjusted Income that does not exceed fifty percent (50%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than fifty percent (50%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, as set forth in 24 C.F.R. Section 92.2. An individual who is a student that is ineligible to receive Section 8 assistance under 24 C.F.R. 5.612, and thus ineligible to receive any type of HOME assistance, shall not qualify as a Very Low Income Household.

(gg) "Very Low Income Units" means the Units which, pursuant to Section 2.1(a) below, are required to be occupied by Very Low Income Households.

1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A:	Legal Description of the Property
Exhibit B:	Schedule of HOME Rents
Exhibit C:	Certificate of Continuing Program Compliance

ARTICLE 2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Very Low Income Units. During the Term, Borrower shall rent: nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Very Low Income Households. During the HOME Term, six (6) two-bedroom Units and three (3) of three-bedroom of the Very Low Income Units shall be considered HOME-Assisted Units.

(b) Low Income Units. During the Term, Borrower shall rent: nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom and ensure that these Units are occupied or, if vacant, available for occupancy, by Low Income Households. During the HOME Term, five (5) two-bedroom Units and one (1) of three-bedroom of the Low Income Units shall be considered HOME-Assisted Units.

(c) Intermingling of Units. The HOME-Assisted Units are required to be eleven (11) two-bedroom Units, and four (4) of three-bedroom Units and are to be intermingled throughout the Development and of comparable quality to all other Units. All Tenants must have equal access to and enjoyment of all common facilities in the Development.

(d) Disabled Persons Occupancy. Borrower shall cause the Development to be operated at all times in compliance with the provisions of: (1) the Unruh Act; (2) the California Fair Employment and Housing Act; (3) Section 504 of the Rehabilitation Act of 1973; (4) the United States Fair Housing Act, as amended; and (5) the Americans With Disabilities Act of 1990, which relate to disabled persons access. Borrower shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its boardmembers, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for persons with disabilities. The provisions of this subsection will survive expiration of the Term or other termination of this Agreement, and remain in full force and effect.

2.2 Allowable Rent.

(a) Very Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of Very Low Income Units may not exceed the Low HOME Rent provided annually by the County.

(b) Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of Low Income Units may not exceed the High HOME Rent provided annually by the County.

(c) No Additional Fees. Borrower may not charge any fee, other than Rent, to any Tenant of the Units for any housing or other services provided by Borrower.

2.3 Rent Increases; Increased Income of Tenants.

(a) Rent Increases. The proposed initial Rents and subsequent Rents for all Units shall be provided to the Borrower by the County prior to initial or subsequent occupancy and prior to a rent increase, and shall be subject to the HOME Regulations. A schedule of current HOME rents is attached as Exhibit B. Borrower may not impose any Rent increases on Units, without prior submission to the County of any proposed Rent increases and without written approval from the County of the proposed Rent increases. The Rent for such Units may be increased no more than once annually based upon the annual income certification described in Article 3 and in no event shall any increase exceed three (3%) percent. Tenants shall be given at least sixty (60) days written notice prior to any Rent increase. The County will provide Borrower with a schedule of maximum permissible Rents for the Units annually.

(b) Increased income above Very Low but below Low Income Limit. Subject to Subsection (a) above, if, upon the annual certification of the income of a Tenant of a HOME-Assisted Unit, Borrower determines that the income of a Very Low Income Household has increased above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent shall be the Low HOME Rent. Borrower shall then rent the next available Unit to a Very Low Income Household, as applicable, to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or re-designate another comparable Unit in the Development with a Very Low Income Household, to comply with the requirements of Section 2.1 above. Upon renting the next available Unit in accordance with Section 2.1 or re-designating another Unit in the Development as a HOME-Assisted Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(c) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a HOME-Assisted Unit, Borrower determines that the income of a Very Low Income Household has increased above the qualifying limit for a Very Low Income Household or Low Income Household, such Tenant shall be permitted to retain the Unit and upon expiration of the Tenant's lease and upon sixty (60) days written notice, the Rent must be increased to the lesser of one-twelfth ($1/12^{\text{th}}$) of thirty percent (30%) of the actual Adjusted Income of the Tenant, or fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements), and Borrower shall rent the next available Unit to a Very Low Income Household or Low Income Household as applicable to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or re-designate another comparable Unit in the Development with a Very Low Income Household or Low Income Household as applicable as a HOME-Assisted Unit, to meet the requirements of Section 2.1 above. Upon renting the next available Unit in accordance with Section 2.1 or re-designating another Unit in the Development as a HOME-Assisted Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(d) Termination of Occupancy. Upon termination of occupancy of a HOME-Assisted Unit by a Tenant, such Unit will be deemed to be continuously occupied by a household of the same income level as the initial income level of the vacating Tenant, until such Unit is reoccupied or another Unit is re-designated as a HOME-Assisted Unit, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1.

2.4 Units Available to the Disabled. Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act, a minimum of five (5) units in the Development shall be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of two (2) units shall be constructed and to be readily accessible and usable by households with a hearing or visually impaired member. Not less than thirty (30) days from the Completion Date, the Affordable Developer shall deliver to the County the certification required pursuant to Section 3.8(g) of the Loan Agreement.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

(a) Borrower shall obtain, complete, and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by all applicants or all members of the occupying household, as the case may be, in the income certification. To verify the information Borrower shall take two or more of the following steps: (1) obtain pay stubs for the most recent two months; (2) obtain an income tax return for the most recent tax year; (3) conduct a credit agency or similar search; (4) obtain an income verification form from the applicant's current employer verifying employment for the last two months; (5) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, verifying assistance for the last two months; or (6) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification.

(b) In addition, during the HOME Term, Borrower shall cause each Tenant in a HOME-Assisted Unit to execute a Certification of Tenant Eligibility in the form attached as Exhibit D. Borrower shall fill out the "Development Owner" portion of the Certification of Tenant Eligibility and provide it to the County along with supporting documentation collected by Borrower. Copies of the Certifications of Tenant Eligibility and accompanying documentation must be submitted to the County annually for each of the HOME-Assisted Units.

3.2 Reporting Requirements. Borrower shall submit to the County: (a) not later than the forty-fifth (45th) day after the close of each calendar year, or such other date as may be requested by the County, a signed copy of the Certification of Program Compliance in the form

attached as Exhibit C; and (b) within fifteen (15) days after receipt of a written request, and any other information or completed forms requested by the County in order to comply with reporting requirements of HUD, the State of California, and the County.

3.3 Additional Information. Borrower shall provide any additional information reasonably requested by the County.

3.4 Records. Borrower shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the County to inspect records, including records pertaining to income and household size of Tenants and Rent charged to such Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be at all times: (a) separate and identifiable from any other business of Borrower; (b) maintained as required by the County, in a reasonable condition for proper audit; and (c) subject to examination during business hours by representatives of the County. Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the units for a period of at least five (5) years. The County may audit, examine and make copies of all books, records or other documents of Borrower that pertain to the Development.

3.5 HOME Record Requirements. All records maintained by Borrower pursuant to Sections 3.2 and 3.4 above are to be: (a) maintained in compliance with all applicable HUD records and accounting requirements; and (b) open to and available for inspection and copying by HUD and its authorized representatives at reasonable intervals during normal business hours; provided however, records pertaining to Tenant income verifications, Rents, and Development physical inspections must be kept for the most recent five (5) year period and are subject to HUD inspection for five (5) years after expiration of the HOME Term. Borrower is subject to the audit requirements set forth in 24 CFR 92.505 during the HOME Term.

3.6 On-Site Inspection.

(a) The County may perform, or cause to be performed, an on-site inspection of the Development (including Units, subject to the rights of Tenants) at least one (1) time per year upon twenty-four (24) hours' written notice during normal business hours to monitor compliance with this Agreement. Borrower shall cooperate in making the Property available for such inspection. Borrower agrees and acknowledges that during the HOME Term the County must conduct on-site inspections, consistent with the requirements of 24 C.F.R. 92.504(d), to determine compliance with the property standards set forth in 24 C.F.R. 92.251, at least once every three (3) years after the completion of construction of the Development.

(b) After the completion of an inspection the County shall deliver a copy of the inspection report to the Borrower. If the County determines as a result of such inspection that there are any life-threatening health and safety related deficiencies, Borrower has the obligation to correct such deficiencies immediately, in accordance with 24 C.F.R. 92.251. If the County determines as a result of the inspection that there are any deficiencies for any of the inspectable items in the Development (other than those identified in the preceding sentence), the Borrower shall correct such deficiencies within fifteen (15) days from the delivery of the inspection report or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Borrower must begin to correct the deficiency within fifteen (15) days and

correct the deficiency as soon as reasonably possible. In addition, the Borrower acknowledges that the County may re-inspect the Development to verify all deficiencies have been corrected or rely on third party documentation submitted by the Borrower for non-hazardous deficiencies in conformance with 24 C.F.R 92.504(d).

(c) Upon expiration of the HOME Term, the County may perform on-site inspections as deemed reasonably necessary by the County.

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development for residential use only and such ancillary uses permitted at the Development as approved by the County. No part of the Development may be operated as an emergency shelter (including shelter for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).

4.2 Compliance with Loan Documents and Program Requirements. Borrower's actions with respect to the Property shall at all times be in full conformity with: (a) all requirements of the Loan Documents; (b) all requirements imposed on projects assisted with HOME Funds as contained in 42 U.S.C. Section 12701, et seq., 24 C.F.R. Part 92, and other implementing rules and regulations, as such may be amended or supplemented from time to time; and (c) any other regulatory requirements imposed on Borrower.

4.3 Taxes and Assessments. Borrower shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Borrower may apply for a property tax exemption for the Property under any provision of law or contest in good faith, any such taxes, assessments, or charges. In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final determination of the proceeding or contest, will immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

4.4 Property Tax Exemption. Borrower shall not without the prior written consent of the County apply for a property tax exemption for the Property under any provision of law, except California Revenue and Taxation Section 214(g).

ARTICLE 5 PROPERTY MANAGEMENT, MAINTENANCE AND TENANT SERVICES

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants in accordance with the requirements of 24 C.F.R. 92.253(d), certification and recertification of

household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the County in its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). Borrower must submit for the County's approval the identity of the Management Agent and any proposed subsequent Management Agent. Borrower must also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the County to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the County shall approve the proposed Management Agent by notifying Borrower in writing. Unless the proposed Management Agent is disapproved by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.3 Periodic Performance Review. The County reserves the right to conduct an annual (or more frequently, if deemed necessary by the County) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this Agreement. Borrower shall cooperate with the County in such reviews.

5.4 Replacement of Management Agent.

(a) If, as a result of a periodic review, the County determines in its reasonable judgment that the Development is not being operated and managed in accordance with any one of the material requirements and standards of this Agreement, the County shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent. The Senior Lender and the Investor Limited Partner (as defined in Section 1.1 of the Loan Agreement) will receive an opportunity to participate in all meetings required under this Section.

(b) If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Borrower will promptly dismiss the then-current Management Agent, and must appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above, and subject to the rights of the Senior Lender and the Investor Limited Partner.

(c) Any contract for the operation or management of the Development entered into by Borrower must provide that the Management Agent may be dismissed and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.7 below.

5.5 Approval of Management Policies. Borrower must submit its written management policies with respect to the Development to the County for its review, and must amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

5.6 Tenant Services Provider.

(a) The Borrower will be providing on-site services which Borrower will make available to all Tenants in the Development (the "Tenant Services"). The Borrower must submit to the County for approval the name and qualifications of any proposed services provider (the "Services Provider").

(b) The Services Provider must demonstrate the ability to provide Tenant Services in residential facilities like the Development in an effective manner. The Borrower must submit additional information about the background, experience and financial condition of any proposed Services Provider as is reasonably necessary for the County to determine whether the proposed Services Provider meets the standards for a qualified Services Provider of developments of this type.

(c) If the proposed Services Provider meets the standard for a qualified Services Provider set forth above, the County shall approve the proposed Services Provider by notifying Borrower in writing. Unless the proposed Services Provider is disapproved in writing by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.7 Property Maintenance.

(a) Borrower must maintain, for the entire Term of this Agreement, all interior and exterior Improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, and in a decent, safe, sanitary condition and in good repair pursuant to the Uniform Physical Conditions Standards established by HUD pursuant to 24 C.F.R. 5.703 and as required under 24 C.F.R. 92.251.

(b) The County places prime importance on quality maintenance to protect its investment and to ensure that all County funded affordable housing projects within the County are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Development will be acceptable to the County assuming Borrower agrees to provide all necessary improvements to assure the Development is maintained in good condition. Borrower

shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

(c) In the event that Borrower breaches any of the covenants contained in this section and such default continues for a period of five (5) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the County with respect to landscaping and building improvements; then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount shall be promptly paid by Borrower to the County upon demand.

5.8 Crime Prevention Program. During the Term of this Agreement Borrower agrees to participate in the San Bernardino County Sheriff's Department's Crime Free Multi-Housing program or similar program administered by the City (the "Crime Prevention Program"). Information on the County's Crime Prevention Program is currently available at http://www.sbcounty.gov/sheriff/publicaffairs/crime_free.asp. The County's periodic review of the management of the Development pursuant to Section 5.3 will include an evaluation of Borrower's participation in the Crime Prevention Program.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions.

(a) In leasing the Units within the Development, Borrower shall use a form of written lease approved by the County. The form of lease must comply with all requirements of this Agreement, the other Loan Documents and must, among other matters:

(1) provide for termination of the lease for failure to: (1) provide any information required under this Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this Agreement; or (2) qualify as a Very Low Income Household or Low Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation.

(2) be for an initial term of not less than one (1) year, unless by mutual agreement between the Tenant and Borrower, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month-to-month by mutual agreement of Borrower and the Tenant. Notwithstanding the above, any rent increases are subject to the requirements of Section 2.3(a) above.

(3) include a provision which requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.4 and who is not in need of an accessible Unit to move to a non-accessible Unit when a non-accessible Unit becomes available and another Tenant or prospective Tenant is in need of an accessible Unit.

(b) The lease must not contain any provision which is prohibited by 24 C.F.R. Section 92.253(b) and any amendments thereto.

6.2 Lease Termination. Any termination of a lease or refusal to renew a lease for a Unit within the Development must be in conformance with 24 C.F.R. 92.253(c), and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

6.3 Nondiscrimination.

(a) All of the Units must be available for occupancy on a continuous basis to members of the general public who are income eligible. Except as provided in subsection (b) below, Borrower may not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to income eligible households pursuant to this Agreement. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower, that there exist no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, age, or military and veteran status, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor will Borrower or any person claiming under or through Borrower, 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 of any Unit or in connection with the employment of persons for the construction, operation and management of any Unit. Borrower shall comply with Executive Orders 11246, 11375, 11625, 12138, 12431, 12250, 13672, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

(b) Borrower shall accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. Borrower may not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor will Borrower apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants.

6.4 Term. The provisions of this Agreement apply to the Property for the entire Term even if the Loan is paid in full prior to the end of the Term. This Agreement binds any

successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by County. County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise. For the purposes of the HOME Regulations, the Development shall only be considered a HOME assisted project for the duration of the HOME Term, and nothing in this Agreement may be read to infer otherwise.

6.5 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Borrower will provide by first-class mail, postage prepaid, a notice to all Tenants containing: (1) the anticipated date of the expiration of the Term; (2) any anticipated increase in Rent upon the expiration of the Term; (3) a statement that a copy of such notice will be sent to the County; and (4) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Borrower shall also file a copy of the above-described notice with the County Chief Executive Officer, Economic Development Agency (EDA) Administrator, or the Community Development and Housing Director.

(b) In addition to the notice required above, Borrower shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11. Such notice requirements include: (1) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a)) prior to the expiration of the Term; (2) a six (6) month notice requirement to existing tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (3) a notice of an offer to purchase the Development to "qualified entities" (as defined in California Government Code Section 65863.11(d)), if the Development is to be sold within five (5) years of the end of the Term; and (4) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

6.6 Covenants to Run With the Land. The County and Borrower hereby declare their express intent that the covenants and restrictions set forth in this Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, is to be held conclusively to have been executed, delivered and accepted subject to the covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.7 Enforcement by the County. If Borrower fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the County has notified Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within ninety (90) days, the County may enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The County may declare a default under the Note, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the Deed of Trust.

(b) Action to Compel Performance or for Damages. The County may bring an action at law or in equity to compel Borrower's performance of its obligations under this Agreement, and may seek damages.

(c) Remedies Provided Under Loan Documents. The County may exercise any other remedy provided under the Loan Documents.

6.8 Attorneys' Fees and Costs. In any action brought to enforce this Agreement, the prevailing party must be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section must be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.9 Recording and Filing. The County and Borrower shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of San Bernardino.

6.10 Governing Law. This Agreement is governed by the laws of the State of California.

6.11 Waiver of Requirements. Any of the requirements of this Agreement may be expressly waived by the County in writing, but no waiver by the County of any requirement of this Agreement extends to or affects any other provision of this Agreement, and may not be deemed to do so.

6.12 Amendments. This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title that is duly recorded in the official records of the County of San Bernardino.

6.13 Notices. Any notice requirement set forth herein will be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

County: Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave Third Floor
San Bernardino, CA 92415-0043

Attn: Community Development and Housing Director

With a copy to: Goldfarb & Lipman, LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Rafael Yaquian

Borrower: Loma Linda Vets LP
c/o Meta Housing Corporation
1640 S. Sepulveda Blvd., Suite 525
Los Angeles, CA 90025
Attn: Chairman and CEO

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

With a copy to:
Housing Partners I, Inc.
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: President

With a copy to:
Investor Limited Partner and the Investor Limited Partner's counsel at the
addresses to be provided.

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.14 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement will not in any way be affected or impaired thereby.

6.15 Multiple Originals; Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.16 Revival of Agreement after Foreclosure. In the event there is a foreclosure of the Property, this Agreement will revive according to its original terms if, during the Term, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Development or Property.

[Remainder of Page Left Intentionally Blank]

WHEREAS, this Agreement has been entered into by the undersigned as of the Effective Date.

BORROWER:

LOMA LINDA VETS, L.P., a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, President

COUNTY:

COUNTY OF SAN BERNARDINO

By: _____
Gregory C. Devereaux
Chief Executive Officer, Board of Supervisors

APPROVED AS TO LEGAL FORM:
JEAN-RENE BASLE
County Counsel

By: _____
Michelle Blakemore
Chief Assistant County Counsel

Date: _____

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

EXHIBIT A
to EXHIBIT F

LEGAL DESCRIPTION

The land is situated in the State of California, County of San Bernardino, City of Loma Linda and is described as follows:

PARCEL 1:
MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILWAY AND SOUTH OF THE FOLLOWING DESCRIBED LINE; BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

EXCEPTING THEREFROM THE WEST 8 FEET.

PARCEL 2:
MOUND CITY, EAST 2 ACRES OF BLOCK 41, EXCEPTING THEREFROM THAT PORTION LYING SOUTH OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT A POINT WHICH IS 189 FEET SOUTH OF THE NORTHWEST CORNER OF SAID EAST 2 ACRES. THENCE EAST 139 FEET; THENCE SOUTH 11 FEET; THENCE EAST 80 FEET; THENCE SOUTH 60 FEET; THENCE EAST 20 FEET TO THE EAST LINE OF SAID EAST 2 ACRES AND THE END OF SAID LINE.

ALSO EXCEPTING THEREFROM THE WEST 8 FEET AND THE NORTH 110 FEET.

PARCEL 3:
MOUND CITY, PORTION OF EAST 2 ACRES OF BLOCK 41, COMMENCING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES, THENCE EAST 8 FEET TO THE TRUE POINT OF BEGINNING; THENCE EAST 40 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID BLOCK 41 102 FEET TO A POINT; THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110 FEET OF SAID BLOCK 41 DISTANT 65 FEET EAST OF THE WEST LINE OF THE ABOVE SAID 2 ACRES; THENCE WEST 57 FEET; THENCE NORTH 110 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:
THE NORTH 110.00 FEET OF THE EAST 2 ACRES OF THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, BORDERED ON THE NORTH BY VAN LEUVEN STREET (50.00 FEET WIDE) AND ON THE SOUTH BY THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY;

CEI
P.A

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTION:

BEGINNING AT THE NORTHWEST CORNER OF SAID EAST 2 ACRES; THENCE EAST 48.00 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHEAST CORNER OF THE PARCEL OF LAND CONVEYED TO INEZ R. LANGFORD LACROSS, BY DEED RECORDED APRIL 28, 1948, IN BOOK 2220, PAGE 152, OFFICIAL RECORDS; THENCE SOUTH, PARALLEL WITH THE EAST LINE OF SAID LACROSS PARCEL 102.00 FEET TO A POINT, THENCE SOUTHEASTERLY TO A POINT IN THE SOUTH LINE OF THE NORTH 110.00 FEET OF SAID EAST 2 ACRES OF THE WEST LINE THEREOF; THENCE WEST ALONG THE SOUTH LINE OF SAID NORTH 110.00 FEET; A DISTANCE OF 65.00 FEET TO THE WEST LINE OF SAID EAST 2 ACRES; THENCE NORTH ALONG SAID WEST LINE 110.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5:
THAT PORTION OF BLOCK 41, MOUND CITY, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 6 OF MAPS, PAGE 28, RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS, BEGINNING AT A POINT IN THE NORTH LINE OF SAID BLOCK 41, 325.00 FEET EAST OF THE NORTHWEST CORNER OF SAID BLOCK 41, SAID POINT ALSO BEING THE NORTHEAST CORNER OF A PARCEL OF LAND CONVEYED TO TOM M. AULT, ET UX., RECORDED JANUARY 16, 1952, IN BOOK 2881, PAGE 364, OFFICIAL RECORDS; THENCE CONTINUING EAST ALONG THE NORTHERLY LINE OF SAID BLOCK, 76.68 FEET TO A POINT WHICH IS 8.00 FEET EAST OF THE NORTHWEST CORNER OF THE EAST 2 ACRES OF THAT PORTION OF SAID BLOCK 41, LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE SOUTH PARALLEL WITH SAID WEST LINE OF THE EAST 2 ACRES TO THE NORTHERLY LINE OF SAID SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID RAILROAD RIGHT OF WAY TO A POINT WHICH IS 329.87 FEET EASTERLY OF THE WEST LINE OF SAID BLOCK 41; THENCE NORTHERLY TO THE POINT OF BEGINNING.

PARCEL 6:
PARCEL 2 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE. 49, RECORDS OF SAID COUNTY.

PARCEL 7:
PARCEL 1 OF PARCEL MAP NO. 1774, IN THE CITY OF LOMA LINDA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 17 OF PARCEL MAPS, PAGE 49, RECORDS OF SAID COUNTY.

APN: 0283-142-05-0-000, 0283-142-06-0-000, 0283-142-07-0-000, 0283-142-11-0-000, 0283-142-12-0-000, 0283-201-43-0-000 AND 0283-201-44-0-000

EXHIBIT B

HOME PROGRAM RENTS

The attached HOME Rents reflect the current HOME rents as of the Effective Date. The initial Rents and subsequent Rents for all Units must be provided to the Borrower by the County prior to occupancy and are subject to the HOME Regulations. The County will provide Borrower with a schedule of maximum permissible Rents for the Units annually.

EXHIBIT C

INITIAL CERTIFICATE OF PROGRAM COMPLIANCE

Loma Linda Vets, L.P., a California limited partnership ("Owner"), hereby certifies that it will comply with all applicable, ongoing HOME Program requirements for the entire HOME Term, and Regulatory Agreement requirements for the Property's Affordability Period which has been determined to be fifty-five (55) years from the date of issuance of the Certificate of Occupancy for the above-described Project. Affordability shall be maintained as follows:

The Owner is operating an eighty-seven (87) unit multifamily affordable housing development (including one manager's unit). During the Term of the Regulatory Agreement, Borrower shall rent: (a) nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Very Low Income Households; and (b) nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom and ensure that these Units are occupied or, if vacant, available for occupancy, by Low Income Households.

During the HOME Term the Owner will rent fifteen (15) HOME-Assisted Units, and ensure that these units are occupied or, if vacant, available for occupancy, by Very Low Income Households and Low Income Households in conformance with the HOME Regulations, as follows: (a) six (6) two-bedroom Units and three (3) of three-bedroom of the Very Low Income Units shall be considered HOME-Assisted Units; and (b) five (5) two-bedroom Units and one (1) of three-bedroom of the Low Income Units shall be considered HOME-Assisted Units.

Property owners and managers have participated in the San Bernardino County Sheriff-Coroner Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's four (4) training phases, a Final Certification (Phase V) has been achieved and will be maintained by the owner/representative and/or regional/-onsite property manager.

Owner is maintaining and attaching the following records and reports in order to assist the County in meeting its record keeping and reporting requirements:

1. Files on the annual review and certification of tenant income;
2. All information on the qualification of affordable rents;
3. Terms and conditions of all signed leases between Tenants and Owner;
4. All other reports and records requested by County pursuant to the Loan Documents.

[Signature Page Follows]

Dated: _____

OWNER:

LOMA LINDA VETS, L.P., a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, Board President

ANNUAL CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

Loma Linda Vets, L.P., a California limited partnership ("Owner"), hereby certifies that it will comply with all applicable, ongoing HOME Program requirements for the entire HOME Term, and Regulatory Agreement requirements for the Property's Affordability Period which has been determined to be fifty-five (55) years from the date of issuance of the Certificate of Occupancy for the above-described Project. Affordability shall be maintained as follows:

The Owner is operating an eighty-seven (87) unit multifamily affordable housing development (including one manager's unit). During the Term of the Regulatory Agreement, Borrower shall rent: (a) nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Very Low Income Households; and (b) nine (9) of the one-bedroom Units; twenty-five (25) two-bedroom Units, and nine (9) of three-bedroom and ensure that these Units are occupied or, if vacant, available for occupancy, by Low Income Households.

During the HOME Term the Owner will rent fifteen (15) HOME-Assisted Units, and ensure that these units are occupied or, if vacant, available for occupancy, by Very Low Income Households and Low Income Households in conformance with the HOME Regulations, as follows: : (a) six (6) two-bedroom Units and three (3) of three-bedroom of the Very Low Income Units shall be considered HOME-Assisted Units; and (b) five (5) two-bedroom Units and one (1) of three-bedroom of the Low Income Units shall be considered HOME-Assisted Units.

Property owners and managers have participated in the San Bernardino County Sheriff-Coroner Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's four (4) training phases, a Final Certification (Phase V) has been achieved and will be maintained by the owner/representative and/or regional/-onsite property manager.

Owner is maintaining and attaching the following records and reports in order to assist the County in meeting its record keeping and reporting requirements:

1. Files on the annual review and certification of tenant income;
2. All information on the qualification of affordable rents;
3. Terms and conditions of all signed leases between Tenants and Owner;
4. All other reports and records requested by County pursuant to the Loan Documents.

[Signature Page Follows]

Dated: _____

OWNER:

LOMA LINDA VETS, L.P., a California limited partnership

By: Loma Linda Vets, LLC, a California limited liability company, its Administrative General Partner

By: Meta Housing Corporation, a California corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Lee McDougal, Board President

**CERTIFICATE OF
CONTINUING PROGRAM COMPLIANCE**

The following information with respect to Loma Linda Veterans Apartments (the "Development"), is being provided by Loma Linda Vets, L.P., a California limited partnership (the "Owner") to the County of San Bernardino, (the "County"), pursuant to that certain HOME Investment Partnerships Act Loan Agreement dated as of July __, 2016, and the Regulatory Agreement dated as of July __, 2016, with respect to the Development:

- (A) The total number of residential units which are completed and available for occupancy is _____.

The total number of such units occupied is _____.

- (B) The following residential units (identified by unit number) have been designated HOME-Assisted Units, as described in the Regulatory Agreement (for a total of _____);

- (C) The following residential units which are included in (B) above, have been designated as HOME-Assisted Units since _____, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the County by _____;

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number

If a floating unit was substituted, please attach any information on unit substitutions and filling of vacancies to evidence maintenance of required unit mix and income targeting.)

- (D) The following residential units are considered to be occupied by Very Low Income Households and Low Income Households based on the information set forth below:

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of Owner, on this
__day of _____, 20____.

OWNER:

LOMA LINDA VETS, L.P., a California limited
partnership

By: Loma Linda Vets, LLC, a California limited
liability company, its Administrative General Partner

By: Meta Housing Corporation, a California
corporation, its sole member and manager

By: _____
Kasey M. Burke, Vice President

By: Loma Linda Veteran Partners, LLC, a California
limited liability company, its Managing General Partner

By: Housing Partners I, Incorporated, a
California nonprofit public benefit corporation, its sole
member and manager

By: _____
Lee McDougal, Board President

EXHIBIT D

FORM OF CERTIFICATION OF TENANT ELIGIBILITY

Rental Unit _____
Street Address _____
Unit No. _____
City _____
Zip Code _____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above Development for which application is made, all of whom are listed below:

1.	2.	3.	4.	5.
Name of Members in the Household	Relationship to Head of Household	Age	Ethnicity	Place of Employment

Ethnicity: ☐ White ☐ Black or African American ☐ Asian ☐ Asian & White
☐ American Indian or Alaska Native
☐ Native Hawaiian or Other Pacific Islander ☐ American Indian or Alaska Native & White
☐ Black or African American & White
☐ American Indian or Alaska Native & Black or African American
☐ Other Multi Race ☐ Hispanic

Date of Occupancy of Rental Unit by Tenant: _____
Date of Lease Signed for Rental Unit by Tenant: _____
Amount of Rent Paid Per Month: _____
Certification Date (Earlier of Date of Occupancy or Date Lease signed): _____

6. Anticipated Annual Income. The anticipated total annual income from all sources of each person listed in Section 1 for the twelve (12) month period beginning on the Certification Date listed above, including income described in (a) below, but excluding all income described in (b) below, is \$ _____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below): all wages and salaries, overtime pay, commissions, fees,

tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets as set forth in item 7(b) below); full amount of periodic payments received from Social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above: casual, sporadic or irregular gifts; amounts that are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payment (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to student or educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; hazardous duty pay to a member of the household in the armed forces who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; income from employment of children (including foster children) under the age of eighteen (18) years; foster child care payments; the value of coupon allotments under the Food Stamp Act of 1977; payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act; income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes; payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; and payments received from the Job Partnership Training Act.

7. **Net Family Assets.** If any of the persons described in item 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

(a) the total value of all such assets owned by all such persons: \$_____, and

(b) the amount of income expected to be derived from such assets in the twelve (12) month period commencing this date: \$_____.

8. Students

(a) Will any of the persons listed in item 1 above be or have they been full-time students during five (5) calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return, a veteran of the U.S. military?

Yes _____ No _____

The above information is full, true, and complete to the best of my knowledge. I have no objections to inquiries being made for the purpose of verifying the statements made herein.

Signature: _____ Date _____

(Signature Must be Notarized)

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

FOR COMPLETION BY DEVELOPMENT OWNER ONLY:

A. Calculation of eligible income:

- (1) Enter amount entered for entire household in 6 above: \$_____
- (2) If the amount entered in 7(a) above is greater than \$5,000, enter \$_____
- (i) the product of the amount entered in 7(a) above
multiplied by the current passbook savings rate as determined by HUD: \$_____
- (ii) the amount entered in 7(b) above: \$_____
- (iii) enter the greater of line (i) or line (ii): \$_____
- (3) TOTAL ELIGIBLE INCOME (Line A(1) plus line A(2)(iii)): \$_____

B. Enter number of family members listed in item 1 above: _____

C. The amount entered in A(3) (Total Eligible Income) is: \$_____

_____ Less than \$_____ of median income for the area in which the Development
is located, which is the maximum income at which a household may be
determined to be a qualifying tenant as that term is defined in the Agreement.

_____ More than the above-mentioned amount.

D. Number of units assigned: _____

E. Monthly rent: \$_____

F. This unit (was/was not) last occupied for a period of thirty-one (31) consecutive days
by a person or persons whose adjusted income, as certified in the above manner, was
equal to or less than the amount at which a person would have qualified as a qualifying
tenant under the terms of the Agreement.

G. Applicant:

_____ **Qualifies as a qualifying tenant.**

_____ **Does not qualify as a qualifying tenant.**

EXHIBIT G
CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

The following information with respect to Loma Linda Veterans Apartments (the "Development"), is being provided by Loma Linda Vets, L.P., a California limited partnership (the "Owner") to the County of San Bernardino, (the "County"), pursuant to that certain HOME Investment Partnerships Act Loan Agreement dated as of July __, 2016, and the Regulatory Agreement dated as of July __, 2016, with respect to the Development:

(A) The total number of residential units which are completed and available for occupancy is _____.

The total number of such units occupied is _____.

(B) The following residential units (identified by unit number) have been designated HOME-Assisted Units, as described in the Regulatory Agreement (for a total of _____);

(C) The following residential units which are included in (B) above, have been designated as HOME-Assisted Units since _____, 20____, the date on which the last "Certificate of Continuing Program Compliance" was filed with the County by _____;

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number

If a floating unit was substituted, please attach any information on unit substitutions and filling of vacancies to evidence maintenance of required unit mix and income targeting.)

(D) The following residential units are considered to be occupied by Very Low Income Households and Low Income Households based on the information set forth below:

EXHIBIT H

SECTION 3 COMPLIANCE

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• ELECTRONIC SUBMISSION OF CERTIFIED PAYROLLS:	2
• REQUIRED DOCUMENTS CHECKLIST	3
• FEDERAL LABOR STANDARDS PROVISIONS	4
• SECTION 3 CLAUSE	8
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CONSTRUCTION CONTRACT PROVISIONS - DEFINITIONS

The following are definitions of state and federal provisions/documents for federally-assisted projects. Please refer to the "Required Documents Checklist" for any documents to be completed and submitted for this project.

Affirmative Action Compliance Guidelines for Construction or Non-Construction Contractors – Generally, affirmative action requirements apply to contracts and subcontracts in excess of \$10,000. This document provides guidelines to help Contractors meet affirmative action and equal employment opportunity requirements set forth in federal regulations 41 CFR 60.

Bid Bond – A bid guarantee of at least 10% of the contract price is required from each bidder and must be submitted with the Bid.

Certificate of Owner's Attorney – This certificate is to be completed by the owner's attorney when applicable.

Certification of Bidder Regarding Equal Employment Opportunity – This certification is required by Federal law (41 CFR 60) and must be completed by the Prime Contractor and submitted to the CITY/COUNTY prior to the pre-construction conference.

Certification of Compliance with Air and Water Acts – The prime Contractor and all Subcontractors must comply with this certification when the contract exceeds \$100,000.

Certification by Proposed Subcontractor Regarding Equal Employment Opportunity – This certification must be completed by all Subcontractors and every lower-tier Subcontractor and submitted to the Prime Contractor for submittal to the CITY/COUNTY prior to the pre-construction conference.

Contractor's Certification of Compliance with Davis-Bacon and Related Acts – This certification is required by federal law (29 CFR 5) and must be completed by the Prime Contractor and submitted to the CITY/COUNTY prior to the pre-construction conference.

Equal Employment Opportunity Clauses/Equal Employment Opportunity Construction Contract Provisions – These provisions are to be inserted in all applicable federally-assisted contracts and subcontracts.

Federal Labor Standards Provisions (HUD 4010 form) – These provisions set forth the federal labor requirements for contractors working on federally-assisted construction projects in which the prime contract exceeds \$2,000. The Prime Contractor and all Subcontractors and every lower-tier subcontractor are required to pay their laborers and mechanics working onsite a wage as specified in the FEDERALLY FUNDED PROJECTS section of this provision. *The Prime Contractor is responsible to include the Labor Compliance Contract Addendum in all executed Subcontractor contracts for this project.*

Federal Prevailing Wage Decision – The Federal Wage Decision contains the federal wage rates for construction projects within the County of San Bernardino. A copy of the Wage Decision is included in the bid package and can also be found at <https://www.sam.gov/portal/public/SAM/> or <http://www.wdol.gov/dba.aspx> The wage decision that applies to the project is the one in effect ten days prior to the bid opening date.

Labor and Materials Bond – This payment bond guarantees that employees/Subcontractors, and suppliers are paid for services rendered and materials supplied. The Labor and Materials Bond must be at least 100% of the contract price and must be submitted to the CITY/COUNTY upon award of the contract.

Performance Bond – This bond guarantees the Contractor's performance under the terms of the construction contract and must be at least 100% of the contract price and submitted to the CITY/COUNTY following award of the contract.

Section 3 – This law applies to construction contracts exceeding \$100,000 on projects funded by the U.S. Department of Housing and Urban Development (HUD). To the greatest extent feasible, Contractor(s) and Subcontractor(s) must attempt to become a Section 3 business. A Section 3 business is one owned by a low-income person, a business of which 30% of the workforce is comprised of low-income individuals, or a business that contracts 25% of its work to Section 3 businesses.

ELECTRONIC SUBMISSION OF CERTIFIED PAYROLLS:

As permitted by the Department of Labor (DOL), The Department of Housing and Urban Development (HUD), and Title 8, section 16404 of the California Code of Regulations, the Prime Contractor and each Subcontractor and every lower-tier Subcontractor and all vendors subject to Davis-Bacon and Related Acts, are required to submit certified payrolls and labor compliance documentations electronically via the software LCPtracker Inc.

Electronic submission will be a web-based system, accessed on the World Wide Web by a web browser. The Prime Contractor and Subcontractors and lower-tier Subcontractors will be given a Log-On Identification and Password to access the County of San Bernardino Community Development and Housing reporting system.

Use of the system may entail additional data entry of weekly payroll information including; employee identification, labor classification, total hours worked and hours worked on this project, wage and benefit rates paid etc. The Prime Contractor's and Subcontractor's and lower-tier Subcontractor's payroll and accounting software might be capable of generating a 'comma delimited file' that will interface with the software.

This requirement will be 'flowed down' to every lower-tier Subcontractor and vendor required to provide labor compliance documentation. Please contact County of San Bernardino Community Development and Housing for approval and log-in instructions for a lower-tier Subcontractor.

The Prime Contractor and each Subcontractor and every lower-tier Subcontractor and any Vendors subject to this provision shall comply with Title 8, Section 16404 of the California Code of Regulations.

Electronic Certified Payroll Set-up and Training Courses

To start, the Prime and Subcontractors and lower-tier Subcontractors will **receive an email invitation** to join LCPtracker. Simply follow the instructions in the email to **set-up your user name and password** and activate your account. Once your account is setup, LCPtracker Inc. provides two convenient training options:

Option 1: Computer-Based Training Courses: Pre-recorded videos can be viewed at any time by logging into the LCPtracker website and following these simple steps:

- o Enter your user name/password
- o Select the "E-Training" link located at the top of the page.
- o Select "Contractor Training Videos"

Option 2: Web-Based Training Sessions: Online training sessions facilitated by members of LCPtracker's Customer Support team are available several times per week. All you need to participate is a computer with Internet access, an email address and access to a phone.

- o Enter your user name/password
- o Select "Book Now" on the "Projects" tab and register for the Online training sessions.

Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity - The bidder's attention is called to the "Equal Opportunity Clause" and "Standard Federal Equal Employment Specifications" contained in the bid package. Goals and timetables for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work in the covered area, is 19% for minorities and 6.9% for women.

REQUIRED DOCUMENTS CHECKLIST

REQUIRED PRIOR TO CONTRACT AWARD

- ☐ 1. Bid Package signed by Contractor or letter stating that the project specifications document is part of the contract
- ☐ 2. Signed Partnership Agreement (if applicable)
- ☐ 3. Bid Bond

REQUIRED PRIOR TO PRECONSTRUCTION CONFERENCE

- ☐ 4. Executed Contract/Purchase Order NOTE: HUD form 4010 must be attached to contract
- ☐ 5. Labor Compliance Contract Addendum signed by Prime Contractor and all Subcontractors
- ☐ 6. Bonds (performance/payment or labor and material bonds)
- ☐ 7. Completed Bidder/Subcontractor's Certification Regarding Equal Employment (Exhibits B & C)*
- ☐ 8. Signed Contractor's Certification of Compliance with Davis-Bacon and Related Act Requirements (Exhibit A)*
- ☐ 9. Signed Affirmative Action Compliance Form for Construction Contracts Over \$10,000 (Exhibit D)*

REQUIRED DURING CONSTRUCTION

- ☐ 10. Weekly Certified Payrolls (see "Electronic Submission of Certified Payrolls" section)
- ☐ 11. Statement of Understanding and Authorization (required if payrolls are certified by someone other than the owner or corporate officer) (Exhibit E)*
- ☐ 12. Fringe Benefit Statement (required if employee benefits are paid to a trust fund) (Exhibit F)*
- ☐ 13. Section 3 Report (Applies to contracts of \$100,000 or more)
- ☐ 14. Authorization for Payroll Deduction(s) (Exhibit G)*

*Note: These forms are located on the LCPtracker online database discussed in "Electronic Submission of Certified Payrolls" section and will be discussed by County CDH staff at the preconstruction conference.

1. Applicability

The project or program to which the construction work covered by this contract pertains is being assisted by the United States of America and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such federal assistance.

A. 1. (i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Contractor and its Subcontractors at the site of the work in a prominent and accessible, place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the Contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where

appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1215-0140.)

(c) In the event the Contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1) (ii)(b) or (c) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, provided, that the Secretary of Labor has found, upon the written request of the Contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

2. Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the Contractor under this contract or any other federal contract with the same prime Contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime Contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the Contractor or any Subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work, all or part

of the wages required by the contract, HUD or its designee may, after written notice to the Contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the Contractor, disburse such amounts withheld for and on account of the Contractor or Subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

3. (i) Payrolls and basic records. Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section I (b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section I(b)(2)(B) of the Davis-Bacon Act, the Contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(ii) (a) The Contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the Contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i) except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number. The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime Contractor is responsible for the submission of copies of payrolls by all Subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the sponsor, or owner, as the case may be, for transmission to HUD or its designee, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this subparagraph for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own

records, without weekly submission to HUD or its designee. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the Contractor or Subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5 (a)(3)(ii), the appropriate information is being maintained under 29 CFR 5.5(a)(3)(i) and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph A.3.(ii)(b).

(d) The falsification of any of the above certifications may subject the Contractor or Subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(iii) The Contractor or Subcontractor shall make the records required under subparagraph A.3.(i) available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the Contractor or Subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the Contractor, sponsor, applicant or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

4. Apprentices and Trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the Contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work

actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a Contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the Contractor's or Subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the Contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate, who is not registered and participating in a training plan approved by the Employment and Training Administration, shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the Contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under 29 CFR Part 5 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

5. Compliance with Copeland Act requirements. The Contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract.

6. Subcontracts. The Contractor or Subcontractor will insert in any subcontracts the clauses contained in subparagraphs 1 through 11 of this paragraph A and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage decision, and also a clause requiring the Subcontractors to include *these* clauses in *any lower* tier subcontracts. The prime Contractor shall be responsible for the compliance by any Subcontractor or lower tier Subcontractor with all the contract clauses in this paragraph.

7. Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract and for debarment as a Contractor and a Subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this contract

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the Contractor (or any of its Subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

10. (i) Certification of Eligibility. By entering into this contract the Contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the Contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001. Additionally, U.S. Criminal Code, Section 1 01 0, Title 18, U.S.C., "Federal Housing Administration Transactions", provides in part: "Whoever, for the purpose of influencing in any way the action of such Administration makes, utters or publishes any statement knowing the same to be false shall be fined not more than \$5,000 or imprisoned not more than two years, or both."

11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Contract are applicable shall be discharged or in any other manner discriminated against by the Contractor or any Subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Contract to his employer.

B. Contract Work Hours and Safety Standards Act. The provisions of this paragraph B are applicable where the amount of the prime contract exceeds \$100,000. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) Overtime requirements. No Contractor or Subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the Contractor and any Subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and Subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) Withholding for unpaid wages and liquidated damages. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or Subcontractor under any such contract or any other Federal contract with the same prime contract, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime Contractor such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or Subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) Subcontracts. The Contractor or Subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime Contractor shall be responsible for compliance by any Subcontractor or lower tier Subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

C. Health and Safety. The provisions of this paragraph C are applicable where the amount of the prime contract exceeds \$100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1926 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, (Public Law 91-54, 83 Stat 96). 40 USC 3701 et seq.

(3) The Contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each Subcontractor. The Contractor shall take such action with respect to any subcontract as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

SECTION 3 CLAUSE

(Information for the Section 3 Report will be input on LCPtracker)

- 3-2.2 Employment opportunities for business and lower income persons in connection with assisted projects. This clause applies to construction contracts of \$100,000 or more, on projects funded with \$200,000 or more in federal funds from the U.S. Department of Housing and Urban Development.

Assurance of compliance with regulations.

- (A) Every contract or agreement for a grant, loan, subsidy or other direct financial assistance in aid of housing, urban planning, development, redevelopment, or renewal, public or community facilities and new community facilities and new community development, entered into by the Department of Housing and Urban Development with respect to a Section 3 covered project shall contain provisions requiring the applicant or recipient to carry out the provisions of Section 3, the regulations set forth in this part, and any applicable rules and orders of the Department issued thereunder prior to approval of its application for assistance for a Section 3 covered project.
- (B) Every applicant, recipient, contracting party, Contractor and Subcontractor shall incorporate, or cause to be incorporated, in all contracts for work in connection with a Section 3 covered project, the following clause (referred to as Section 3 clause):
- a. The work to be performed under this contract is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development as is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns, which are located or owned in substantial part by persons residing in the area of the project.
 - b. The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth to 24 CFR 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability, which would prevent them from complying with these requirements.
 - c. The Contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organizations or worker's representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
 - d. The Contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the Subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development 24 CFR 135. The Contractor will not subcontract unless the Subcontractor has first provided him with a preliminary statement of ability to comply with the requirements of these regulations.
 - e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the contract, shall be a condition of the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its Contractors and Subcontractors, its successors and assigns, to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR 135

AFFIRMATIVE ACTION COMPLIANCE GUIDELINES FOR CONSTRUCTION AND NON-CONSTRUCTION CONTRACTORS

AFFIRMATIVE ACTION COMPLIANCE GUIDELINES FOR CONSTRUCTION AND NON-CONSTRUCTION CONTRACTORS

These Affirmative Action Compliance Guidelines have been designed to provide Contractors with information necessary to comply with Federal regulations found under Title 41, Part 60 of the Code of Federal Regulations. It is the intent of these guidelines to insure that equal opportunity for employment is practiced by the Contractor without regard to race, color, sex, religion, national origin, disability, and veteran's status. These guidelines provide the minimum information necessary to comply with EEO and affirmative action requirements, including the preparation of an Affirmative Action Plan that complies with federal regulations regarding Affirmative Action for federally-assisted projects. Contractors are urged to contact the implementing entity or the U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) officer for any necessary technical assistance in meeting Affirmative Action requirements if they are considering bidding under this contract.

I. AFFIRMATIVE ACTION COMPLIANCE PROGRAM

A. The Affirmative Action program embodies the following principals:

1. Discrimination because of race, color, age, sex, religion, national origin, marital status, disability, or veteran's status is inconsistent with the constitution, laws, and policies of the United States, State of California and County of San Bernardino.
2. The implementing entity is committed to insuring that there be no discrimination by vendors, Contractors (including professional services and consultants), lessors, or lessees doing business with the implementing entity.
3. Contractors and Subcontractors agree to take affirmative personnel actions to hire and promote workers who traditionally have been discriminated against in the job market, including women, minorities, members of certain ethnic and religious groups, individuals with disabilities, and veterans.

B. Affirmative Action Step Requirements for CONSTRUCTION Contractors and Subcontractors:

1. Personnel affirmative action in recruitment, hiring, and promotion is required by Contractor and Subcontractors who have entered into a federally-assisted construction or non-construction contract that exceed \$10,000 or \$10,000 in the aggregate over a 12-month period.
2. Contractors and Subcontractors who enter into a CONSTRUCTION CONTRACT in excess of \$10,000 must take 16 specific affirmative action steps to ensure equal employment opportunity. These steps are included in 41 CFR 60-4.3 (a) (7) and are also included under "Standard Federal Equal Employment Opportunity Construction Contract Specifications" of Attachment "D" of the bid package.

C. Affirmative Action Plan requirements for NON-CONSTRUCTION Contractors:

1. All Contractors who have entered into a NON-CONSTRUCTION CONTRACT and who: 1) do business in the amount of \$50,000 or more with the implementing entity in any one fiscal year and, 2) employ 50 or more employees, must develop a written Affirmative Action Program within 120 days after the contract award date.
2. All Subcontractors rendering services or supplies to a Contractor in the amount of \$50,000 or more and employ 50 or more employees, must develop a written Affirmative Action Program within 120 days after the contract award date.

D. Exemptions under 41 CFR 60:

The following persons/contracts shall be exempt from this program:

1. A contract or contracts by a Contractor that do not exceed \$10,000 in the aggregate over a 12-month period.
2. Contracts for Work outside the United States
3. State and Local Governments
4. Contracts with certain educational institutions
5. Work on or near Indian Reservations
6. Specific contracts and facilities found exempt by
7. Deputy Assistant Secretary
8. National security contracts

Any Contractor who feels qualified for an exemption should contact the local Contract Compliance Officer or the U.S. Department of Labor's OFCCP Officer for further information.

II. SATISFYING AFFIRMATIVE ACTION PLAN

A. Affirmative Action Plan requirements for NON-CONSTRUCTION Contractors can be met through the following:

1. Completing a Contract Compliance Qualifying Report for Non-construction Contractors and Vendors, (refer to the form found in the "Additional Required Documents/Sample Documents" section of Attachment "D" of the bid package).
2. Completing a Contractor's Affirmative Action Policy, including methods of recruiting minorities and women. If the Contractor does not have its own Affirmative Action Policy, it may adopt the County's model Affirmative Action Policy ((refer to the form found in the "Additional Required Documents/Sample Documents" section of Attachment "D" of the bid package).
3. Following Federal Affirmative Action Plan guidelines which comply with the requirements of 41 CFR 60.2.10.

DEFINITIONS

Unless a provision of a contract otherwise requires, certain words and phrases shall be defined as follows:

- A. "Affirmative Action" is a commitment to increase the number of minorities and women in the work force by setting employment goals and timetables, including action to achieve objectives. Affirmative Action seeks to ensure that discrimination is eliminated in dealings with employees or applicants for employment whether the discrimination is intentional or unintentional. In addition, Affirmative Action seeks to improve job standards and productivity through the removal of artificial and unnecessary barriers to employment and promotion and ensure that all job actions are related to job performance measures.
- B. "Affirmative Action Plan" is a written affirmative plan required of Contractors and Subcontractors who have 50 or more employees and have entered into a contract with the implementing entity that exceeds \$50,000, or \$50,000 in contracts over a 12-month period.
- C. "Contract" means a federally-assisted purchase order, offer and acceptance, lease, agreement or other arrangement creating an obligation to which the implementing entity is a party, which would make one of the parties within the definition a Contractor.
- D. "Construction" means the construction, rehabilitation, alteration, conversion, extension, demolition or repair of buildings, highways or other changes or improvements to real property, including facilities providing utility services.
- E. "Contractor" means a prime Contractor or Subcontractor.
- F. "Covered Area" means the geographical area described in the solicitation from which the contract resulted;
- G. "Director" means Director, OFCCP, U.S. Dept. of Labor, or any person to whom the Director delegates authority to;
- H. "Employee" means one who performs work for compensation, or a person who is permanently or regularly employed by the Contractor or Subcontractor.
- I. "Employer Identification Number" means the Federal Social Security Number;
- J. "Handicapped Status" means any person who:
 - 1. Has a physical or mental impairment, which substantially limits one or more of such person's major life activities.
 - 2. Has a record or such impairment or,
 - 3. Is generally regarded as having such an impairment.
- K. "Employer Identification Number" means the Federal Social Security Number;
- L. "Handicapped Status" means any person who:
 - 1. Has a physical or mental impairment, which substantially limits one or more of such person's major life activities.
 - 2. Has a record or such impairment, or
 - 3. Is generally regarded as having such an impairment.
- M. "Implementing Entity" means public jurisdiction who is administering the contract.
- N. "Minority" includes:
 - 1. Black (all persons having origins in any Black African racial groups not of Hispanic origin);
 - 2. Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);
 - 3. Asian or Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands);
 - 4. American India or Alaskan native (all persons having origins in any of the native peoples of North America and maintaining identifiable tribal affiliations through membership and participation in community identification).
- O. "Non-construction Contract" means any contract that does not fall within the definition of "Construction Contract".
- P. "Officer" means the Contract Compliance Officer of the implementing entity or U.S. Department of Labor Office of Federal Contract Compliance Program (OFCCP) Officer.
- Q. "Persons" means any individual, firm, co-partnership, public service, joint venture, association, social club, fraternal organization, corporation, estate, trust receiver, syndicate CITY, county, municipal corporation, district or other political subdivision, or any other group or combination acting as a unit.
- R. "Underutilization" means having fewer minorities or women in a particular job classification than would reasonably be expected by their availability.
- S. "Vietnam-Era Veteran" means a person who:
 - 1. Served on actual duty for a period of more than 180 days, any part of which occurred between August 5, 1964, and May 7, 1975, and was discharged or released therefrom with other than a dishonorable discharge; or
 - 2. Was discharged or released from active duty for a service-connected disability if any part of such active duty was performed between August 5, 1964, and May 7, 1975.

T. Violation and Appeal Procedure:

1. A Contractor found in violation of equal opportunity/affirmative action laws will be referred to the U.S. Department of Labor's OFCCP Division, and the Solicitor for Labor, Associate Solicitor of Labor Relations and Civil Rights Regional Solicitors and Regional Attorney are authorized to institute enforcement proceedings by filing a complaint and serving that complaint to the Contractor (defendant), in accordance with procedures set forth in 41 CFR 60-30.5. The complaint shall contain information on the alleged violation, a prayer regarding the relief being sought, and the name and address of the attorney representing the Government. Within 20 days after receiving the complaint, the defendant shall file an answer with the Chief Administrative Law Judge, if the case has not been assigned to an Administrative Law judge.
2. The answer shall contain a statement of the facts which constitute the ground of defense, and shall:
1) specifically admit, explain, or deny each of the allegations of the complaint unless the defendant is without knowledge, or 2) state that the defendant admits all the allegations contained in the complaint. The answer may contain a waiver for a hearing and if not, a separate paragraph in the answer shall request a hearing. The answer shall contain the name and address of the defendant, or of the attorney representing the defendant. Failure to file an answer or plead specifically to an allegation of the complaint shall constitute an admission of such allegation.
3. Contractor agrees to fully comply with the laws and programs (including regulations issued pursuant thereto) identified herein. Such compliance is required to the extent such laws, programs and their regulations are, by their own terms, applicable to this contract. Contractor warrants that he will make himself thoroughly familiar with the applicable provisions of said laws, programs, and regulations prior to commencing performance of the contract. Copies of said laws, programs, and regulations are available upon request from the implementing entity's Contract Compliance Officer, or from the U.S. Department of Labor's OFCCP Officer to the extent applicable the provisions of said laws programs and regulations are deemed to be a part of this contract as if fully set forth herein.
4. Vietnam Era Veterans' Readjustment Assistance Acts of 1972 and 1974, as amended. Pub. L. 92-540, Title V, Sec 503(a), Pub. L 93-508. Title IV, Sec. 402. (38 USCA 2011-2013).
5. Rehabilitation act of 1973, as amended (Handicapped) Pub. L 93-112 as amended. (29 USCA 701-794).
6. California Fair Employment Practice Act. Labor Code Sec. 1410 *et seq.*
7. Civil Rights Act of 1964, as amended (42 USCA 2000a to 2000H-6) and Executive Order No. 11246, September 24, 1965, as amended.

EQUAL OPPORTUNITY CLAUSES

The Contractor and Subcontractors not found exempt under 41 CFR 60-1.5, are required to comply with the following equal opportunity clauses as a condition of being awarded a federally-assisted contract. Each nonexempt prime Contractor shall include equal employment opportunity clauses in each of its nonexempt Subcontractors.

EQUAL OPPORTUNITY CLAUSE FOR FEDERALLY-ASSISTED CONSTRUCTION CONTRACTS

This clause is inserted pursuant to Executive Order 11246 of September 24, 1965, as amended, and Title VII of the Civil Rights Act of 1964, and is applicable pursuant to 41 CFR Sec. 60-1.4. The following requirements apply to Contractors and Subcontractors

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (3) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24,

1965, and by rules, regulations and orders of the Secretary of Labor, pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders

- (6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each Subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a Subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work; provided, that if the applicant so participating is a state or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of Contractors and Subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor in obtaining the compliance of Contractors and Subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 1124 of September 24, 1965, with a Contractor debarred from, or who has not demonstrated eligibility for Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon Contractors and Subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee), refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurances of future compliance has been received from such applicant, and refer the case to the Department of Justice for appropriate legal proceedings.

In addition to the above, Contractor will agree to furnish all information and reports, including Standard form EEO-1, if applicable, to the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Labor's OFCCP, as required by Executive Order No. 11246 of September 24, 1965.

EQUAL OPPORTUNITY CLAUSE FOR SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

This clause is inserted pursuant to Executive Order 11701 of January 24, 1973 and the Vietnam Era Veterans Readjustment Assistance Acts of 1972 and 1974 (P.L. 92-540, 93-508), and is applicable pursuant to 41 CFR Sec. 60-250.

- (1) The Contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam Era in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled veterans and veterans of the Vietnam Era without discrimination based upon their disability or veterans status in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- (2) The Contractor agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract and including those occurring at an establishment of the Contractor other than the one wherein the contract is being performed but excluding those of

independently operated corporate affiliates, shall be listed at an appropriate local office of the State Employment Service System wherein the opening occurs. The Contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required.

- (3) Listings of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment source or effort and shall involve the normal obligations which attach to the placing of a bona fide job order, including the acceptance of referrals of veterans and non-veterans. The listing of employment openings does not require the hiring of any particular job applicant or from any particular group of job applicants, and nothing herein is intended to relieve the Contractor from any requirements in Executive Orders or regulations regarding nondiscrimination in employment.
- (4) The reports required by paragraph (2) of this clause shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the Contractor has more than one hiring location in a State, with the central office of that State Employment Service. Such reports shall indicate for each hiring location, (a) the number of individuals hired during the reporting period, (b) the number of non-disabled veterans of the Vietnam Era hired, (c) the number of disabled veterans of the Vietnam Era hired, and (d) the total number of disabled veterans hired. The reports shall include covered veterans hired for on-the-job training under 38 USC Sec. 1787. The Contractor shall submit a report within 30 days after the end of each reporting period wherein any performance is made on this contract identifying data for each hiring location. The Contractor shall maintain at each hiring location, copies of the reports submitted until the expiration of one year after final payment under the contract, during which time these reports and related documentation shall be made available, upon request, for examination by any authorized representatives of the contracting officer or of the Secretary of Labor. Documentation would include personnel records respecting job openings, recruitment and placement.
- (5) Whenever the Contractor becomes contractually bound to the listing provisions of this clause, it shall advise the employment service system in each State where it has establishments of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these provisions and has so advised the State system, there is no need to advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.
- (6) This clause does not apply to the listing of employment openings, which occur and are filled outside of the 50 States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

(7) The provisions of paragraphs (2), (3), (4) and (5) of this clause do not apply to openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer - union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of his own organization or employer - union arrangement for that opening.

(8) As used in this clause:

- a. "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: production and non-production; plant and office; laborers and mechanics; supervisory and non-supervisory; technical; and executive, administrative and professional openings as are compensated on a salary basis of less than \$25,000 per year. The term includes full-time employment, temporary employment of more than three days duration, and part-time employment. It does not include openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer - union hiring arrangement or openings in an educational institution which are restricted to students of that institution. Under most compelling circumstances an employment opening may not be suitable for listing, including such situations where the needs of the Government cannot reasonably be otherwise supplied, where listing would be contrary to national security, or where the requirement of listing would otherwise not be for the best interest of the Government.
- b. "Appropriate office of the State Employment Service System" means the local office of the federal - state national system of public employment offices with assigned responsibility for serving the area where the employment opening is to be filled, including the District of Colombia, Guam, Puerto Rico and the Virgin Islands.
- c. "Openings which the Contractor proposes to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the Contractor's organization (including any affiliates, subsidiaries and the parent companies) and includes any openings which the Contractor proposes to fill from regularly established "recall" lists.
- d. "Openings which the Contractor proposes to fill pursuant to a customary and traditional employer - union hiring arrangement" means employment openings which the Contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship which exists between the

Contractor and representatives of his employees.

- (9) The Contractor agrees to comply with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (10) In the event of the Contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (11) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam Era for employment, and the rights of applicants and employees.
- (12) The Contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Vietnam Era Veterans' Readjustment Assistance Act, and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam Era.
- (13) The Contractor will include the provisions of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations or orders of the Secretary issued pursuant to the Act, so that such provisions will be binding upon each Subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.
- (14) Collective bargaining agreement or other contract understanding that the Contractor is bound by the terms of the Vietnam Era Veterans' Readjustment Assistance Act, and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam Era.
- (15) The Contractor will include the provisions of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations or orders of the Secretary issued pursuant to the Act, so that such provisions will be binding upon each Subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

EQUAL OPPORTUNITY CLAUSE FOR WORKERS WITH DISABILITIES

This clause is inserted pursuant to the Rehabilitation Act of 1973 (P.L. 93-112) and 41 CFR Sec. 60-741-4.

- (1) The Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- (2) The Contractor agrees to comply with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (3) In the event of the Contractor's non-compliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (4) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer.
- (5) Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
- (6) The Contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
- (7) The Contractor will include the provisions of this clause in every subcontract or purchase order of \$2,500.00 or more unless exempted by rules, regulations or orders of the Secretary issued pursuant to Section 503 of the Act, so that such provisions will be binding upon each Subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

**STANDARD FEDERAL EQUAL
EMPLOYMENT OPPORTUNITY
CONSTRUCTION CONTRACT PROVISIONS
(EXECUTIVE ORDER 11246, PURSUANT TO
41 CFR 60-4.3 (a))**

1. As used in these specifications:

- a. "Covered area" means the geographical area described in the solicitation from which this contract resulted;
- b. "Director" means Director, Office of Federal Contract Compliance Programs, United States Department of Labor, or any person to whom the Director delegates authority;
- c. "Employer identification number" means the Federal Social Security number used on the Employer's Quarter Federal Tax Return. U.S. Treasury Department form 941.
- d. "Minority" includes:
 - (i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);
 - (ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);
 - (iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and
 - (iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

2. Whenever the Contractor, or any Subcontractor at any tier, subcontracts a portion of the work involving any construction trade, it shall physically include in each subcontract in excess of \$10,000 the provisions of these specifications and the Notice which contains the applicable goals for minority and female participation and which is set forth in the solicitations from which this contract resulted.

3. If the Contractor is participating (pursuant to 41 CFR 60-4.5) in a Hometown Plan approved by the U.S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) shall be in accordance with the plan for those trades which have

unions participating in the Plan. Contractors must be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each Contractor or Subcontractor participating in an approved Plan is individually required to comply with its obligations under the EEO clause, and to make a good faith effort to achieve each goal under the Plan in each trade in which it has employees. The overall good faith performance by other Contractors or Subcontractors toward a goal in an approved Plan does not excuse any covered Contractor's or Subcontractor's failure to take good faith efforts to achieve Plan goals and timetables.

4. The Contractor shall implement the specific affirmative action standards provided in paragraphs 7a through p of these specifications. The goals set forth in the solicitation from which the contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the covered area. Covered construction Contractors performing construction work in geographical areas where they do not have a federal or federally assisted construction contract shall apply the minority and female goals established for the geographical area where the work is being performed. Goals are published periodically in the FEDERAL REGISTER in notice form, and such notices may be obtained from any Office of Federal Contract Compliance programs Office or from federal procurement contracting officers. The Contractor is expected to make substantially uniform progress in meeting its goals in each craft during the period specified.

5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under these specifications, Executive Order 11246 or the regulations promulgated pursuant thereto.

6. In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period and the Contractor must have made commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

7. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and

shall implement affirmative action steps at least as extensive as the follow 16 steps:

- a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
- b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.
- c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefore, along with whatever additional actions the Contractor may have taken.
- d. Provide immediate written notification to the Director when the union or unions bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.
- e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's

employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under 7b above.

- f. Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.
- g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with onsite supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at any job site. A written record shall be made and maintained identifying the item and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.
- h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.
- i. Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment source, the Contractor shall send written

- notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.
- j. Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's work force.
 - k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR Part 60-3.
 - l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.
 - m. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.
 - n. Ensure that all facilities and company activities are non-segregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.
 - o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction Contractors and suppliers, including circulation of solicitations to minority and female Contractor associations and other business associations.
 - p. Conduct a review, at least annually, of all supervisors; adherence to and performance under the Contractor's EEO policies and affirmative action obligations.
8. Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (7a – p). The efforts of a Contractor association, joint Contractor-union, Contractor-community or other similar group of which the Contractor is a member and participant may be asserted as fulfilling any one or more of its obligations provided that the Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation, which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's noncompliance.
 9. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the executive order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).
 10. The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.
 11. The Contractor shall not enter into any Subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.
 12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, as amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any Contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Executive Order 11246, as amended.
 13. The Contractor, in fulfilling its obligations under these specifications, shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph 7 of these specifications, so as to achieve maximum

results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of the Executive Order, the implementing regulations, or these specifications, the director shall proceed in accordance with 41 CFR 60-4.6.

14. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g., mechanic, apprentice trainee, helper, or laborer) dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, Contractors shall not be required to maintain separate records.
15. Nothing herein provided shall be construed as a limitation upon the application of other laws

which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g. those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

- a) The notice set forth in 41 CFR 60-4.2 and the specifications set forth in 41 CFR 60-4.3 replace the New Form for Federal Equal Employment Opportunity Bid conditions for Federal and federally Assisted Construction published at 41 CFR 32482 and commonly known as the Model Federal EEO Bid Conditions, and the New Form shall not be used after the regulations in 41 CFR Part 60-4 become effective.

Minority Goals

The goal for the utilization of women employees on federally-assisted construction contracts is set at 6.9%.

The goal for utilization of minorities, based on the Standard metropolitan Statistical Area (SMSA) for Riverside/San Bernardino County is 19%.

For additional information on these goals, please contact the OFCCP-Pacific Region at (415) 848-6969.

CERTIFICATION OF COMPLIANCE WITH AIR AND WATER ACTS

(Applicable to federally assisted construction contracts
and related subcontracts exceeding \$100,000)

During the performance of this Contract, the Contractor and all Subcontractors shall comply with the requirements of the Clean Air act, as amended, 42 U.S.C. 1857 et. seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et. seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended.

In addition to the forgoing requirements, all nonexempt Contractors and Subcontractors shall furnish to the owner, the following:

- (1) A stipulation by the Contractor or Subcontractors, that any facility to be utilized in the performance of any nonexempt Contract or subcontract, is not listed on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR 15.20.
- (2) Agreement by the Contractor to comply with all requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. 1857c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. 1318) relating to inspection, monitoring entry, reports and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.
- (3) A stipulation that as a condition for the award of the Contract, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized, or to be utilized for the Contract, is under consideration to be listed on the EPA List of Violating Facilities.
- (4) Agreement by the Contractor to include, or cause to be included, the criteria and requirements in paragraph (1) through (3) of this section in every nonexempt subcontract and requiring that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

- Insert -

DAVIS-BACON WAGE DETERMINATION

SAMPLE DOCUMENTS

(Exhibits A through G)

EXHIBIT I
FORM OF RESIDUAL RECEIPTS REPORT

Residual Receipts Report
for the Year Ending _____

Date Prepared: _____, 20__

Please complete the following information and execute the certification at the bottom of this form.

Annual Operating Income

Please report Annual Operating Income for the year ending _____ on the following lines:

Rent Payments received (including Section 8 tenant assistance payments, if any) (1) \$ _____

Interest Income (do not include interest income from replacement and operating reserves nor interest income on tenant security deposits) (2) \$ _____

Additional Income Related to Project Operations (for example, vending machine income, tenant forfeited deposits, laundry income not paid to the residents' association, business interruption insurance casualty insurance, not used to rebuild) (3) \$ _____

Total Annual Operating Income (Add lines 1, 2, and 3) (4) \$ _____

Operating Expenses

Please report Operating Expenses incurred in relation to the operations of the Project for the year ending _____, on the following lines:

Operating and Maintenance Expenses (5) \$ _____

Utilities (6) \$ _____

Fees and licenses (7) \$ _____

Property management Expenses and On-Site Staff Payroll (8) \$ _____

Administrative Expenses Incurred by Project

Property/Possessory Interest Taxes	(9)	\$ _____
Insurance	(10)	\$ _____
Other Expenses Related to Operations of the Project	(11)	\$ _____

Total Annual Operating Expenses (Add Lines 5, 6, 7, 8, 9, 10, and 11)	(12)	\$ _____
Net Operating Income (Subtract Line 12 from Line 4)	(13)	\$ _____

Do not include expense unrelated to the Project's operations, such as depreciation, amortization, accrued principal and interest expense on deferred payment debt, or capital expenditures paid from withdrawals from the Replacement Reserves or other reserve accounts.

Additional Cash Flow Payments

Obligated Debt Service Payments (as approved by the County and other parties that may have such approval rights)	(14)	\$ _____
Scheduled Deposits Capital and Operating Reserves (as approved by the County)	(15)	\$ _____
Additional Payment Obligations (i.e. additional Resident Services)	(16)	\$ _____
Total Additional Cash Flow Payments (Add lines 14, 15 and 16)	(17)	\$ _____
Residual Receipts for Year Ending _____ (Subtract Line 17 from Line 13)	(18)	\$ _____
Percentage of Residual Receipts to be Paid to the County	(19)	\$ _____
Amount Payable to the County (Multiply Line 18 by Line 19)	(20)	\$ _____

The following certification should be executed by the Executive Director or Chief Financial Officer of the Borrower, or the Managing General Partner of the Borrower.

I certify that the information provided in this form is true, accurate, and correct in all respects.

Date

By: _____
(Print Name)

Its: _____
(Title)