

LAND DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT

BY AND BETWEEN

THE COUNTY OF SAN BERNARDINO;

AMCAL Las Terrazas Fund, L.P.;

Dated as of February __, 2017

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LAND DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT
(Las Terrazas)

This Land Disposition, Development and Loan Agreement is entered into as of February __, 2017 (the "Effective Date"), by and between the County of San Bernardino, a political subdivision of the State of California (the "County"), and AMCAL Las Terrazas Fund, L.P., a California limited partnership (the "Developer") with reference to the following facts, understandings and intentions of the Parties:

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. The County is the fee owner of 5.92 acres of certain real property located on the corner of Valley Boulevard and North Cypress in an unincorporated area of the County, as more fully described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").

C. On February 26, 2013, the County and AMCAL entered into that certain Neighborhood Stabilization Program Loan Agreement, dated as of February 12, 2013, as amended by that certain First Amendment to Neighborhood Stabilization Program Loan Agreement dated June 28, 2015, and as further amended by that certain Second Amendment to Neighborhood Stabilization Program Loan Agreement dated December 20, 2016 (collectively the "NSP Loan Agreement"), under which the County agreed to make a loan of up to Two Million Two Hundred Sixty-Six Thousand Dollars (\$2,266,000) (the "NSP Loan") of Neighborhood Stabilization Program funds ("NSP Funds") that the County received from HUD under Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 for the Development.

D. The NSP Loan is evidenced by that certain Promissory Note dated as of February 20, 2013 (the "NSP Note") made by the Developer to the order of the County, and secured by that certain Deed of Trust with Assignment of Rents, dated as of February 20, 2013 (the "NSP Deed of Trust") made by the Developer for the benefit of the County, and recorded in the Official Records as document number 2013-0094916. In connection with the NSP Loan, the Developer also agreed to restrict the use of the Property pursuant to the terms of that certain NSP Affordability Covenant Agreement dated as of February 12, 2013 (the "NSP Covenant") recorded in the Official Records as document number 2013-0094915.

E. The Developer prepared and submitted a "Voluntary Cleanup Agreement" pursuant to Health and Safety Code Section 25355.5(a)(1)(C), under which the Developer remediated portions of the Property under the supervision of the State of California Environmental Protection Agency Department of Toxic Substances Control. As of the date of this Agreement, the remediation work required under the Voluntary Cleanup Agreement has been completed and the California State Department of Toxic Substances Control has issued a

No Further Action Letter (or equivalent letter stating the all remediation has been satisfactorily completed and that the Property is suitable for development).

F. The County and AMCAL desire for the Developer to construct the Development. Pursuant to the terms of this Agreement, the Developer will own and operate the Improvements on the Property, as multi-family rental housing (with related facilities, including, without limitation, the Day Care Improvements) to be made available to and occupied by extremely-low, very-low and low income households. Pursuant to the terms of this Agreement, the County will lease the Property to the Developer for such purpose. The County will retain ownership of the fee simple interest in the Property.

G. The Developer intends to finance the costs of developing the Development with sources that include, but are not limited to, the County Loan, a County HOME Loan, Tax Credit Funds, and private lender construction and permanent financing. This Agreement shall govern the disbursement of the County Loan for the development costs associated with the Development.

H. The County has determined that the Developer has the necessary expertise, skill and ability to carry out the commitments set forth in this Agreement and that this Agreement is in the best interests, and will materially contribute to the implementation of, the County's vision to create a vibrant economy and sustainable system of high-quality education, community health, public safety, housing, recreation, arts, culture and infrastructure and the timely construction of the Development.

I. The amount of the County Loan provided pursuant to this Agreement does not exceed the amount of County assistance necessary to make the Developer's acquisition of the leasehold interest in the Property and the construction and operation of the Development, as restricted by this Agreement, financially feasible.

J. Pursuant to the CEQA and its implementing guidelines, the County (in its capacity as "lead agency"), prepared, reviewed and approved the Mitigated Negative Declaration (the "Mitigated Negative Declaration") on May 24, 2016, for the transactions contemplated by this Agreement, following a duly noticed public hearing.

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

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

(a) "Agreement" means this Land Disposition, Development and Loan Agreement, including the attached Exhibits and all subsequent Operating Memoranda and amendments to this Agreement.

(b) "AMCAL" means AMCAL Multi Housing Inc., a California corporation.

(c) "AMCAL Affiliate" means an entity in which AMCAL has: (i) direct or indirect management or control of the managing member or members in the case of a limited liability company; (ii) direct or indirect management or control of the administrative general partner of the Developer; and (iii) board of directors that overlap by fifty percent (50%) or more of their directors, or direct or indirect control of a majority of the directors in the case of a corporation.

(d) "Annual Operating Expenses" with respect to a particular calendar year means the following costs reasonably and actually incurred for operation and maintenance of the Development to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles:

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

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

(iii) Property management fees and reimbursements, not to exceed fees and reimbursements which are standard in the industry, and pursuant to a management contract approved by the County;

(iv) Premiums for property damage and liability insurance;

(v) Any annual license or Certificate of Completion fees required for operation of the Development;

(vi) Security services;

(vii) Advertising and marketing costs;

(viii) Cash deposited into reserves for capital replacements of the Development in an amount to be approved by the County as part of the Approved Financing Plan, as the same may increase during the Term with the approval of the County pursuant to Section 4.5;

(ix) Cash deposited into an operating reserve in an amount to be approved by the County as part of the Approved Financing Plan, as the same may increase during the Term with the approval of the County pursuant to Section 4.5, and annual operating budgets, but with the operating reserve capped at six (6) months of gross rent from the Development (as such rent may vary from time to time);

(x) Partnership management fee and, for the first fifteen (15) years of the Term, and an asset management fee, in the amount approved by the County as part of the Approved Financing Plan;

(xi) Utility services not paid for directly by tenants, including without limitation, water, sewer, and trash collection;

(xii) maintenance and repair, including pest control, landscaping, grounds maintenance, painting and decorating, cleaning, common systems repair, janitorial supplies and services,

(xiii) Social services fees and expenses;

(xiv) Annual audit fees, inspection fees, or monitoring fees required in relation to any Approved Financing;

(xv) Extraordinary operating costs specifically approved by the County in its reasonable discretion; and

(xvi) 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,

(xvii) Reasonable accounting fees and legal fees; and

(xviii) Payment of Deferred Developer Fee, in an amount approved in writing by the County at its reasonable discretion;

(xix) Other ordinary and reasonable operating expenses approved in writing by the County at its reasonable discretion and not listed above.

(xx) Annual Operating Expenses shall exclude the following: depreciation, amortization, depletion or other non-cash expenses or any amount expended from a reserve account.

(e) "Approved Financing" means the loans, grants, and other financing to be secured by the Developer, and approved by the County for the purpose of financing the costs of the Development which shall be consistent with the Approved Financing Plan: including

(i) A construction loan in the approximate amount of Seventeen Million Three Hundred Eighty-One Thousand Eight Hundred Eight Dollars (\$17,381,808) (the "Construction Loan");

(ii) A permanent loan in the approximate amount of Four Million Two Hundred Eight Thousand Six Hundred Thirty-Five Dollars (\$4,208,635) (the "Permanent Loan");

(iii) Tax Credit Investor limited partner capital contribution in the approximate amount of Seventeen Million Six Hundred Ninety-One Thousand Four Hundred Sixty-Six Dollars (\$17,691,466) (the "Tax Credit Investor Equity");

(iv) The County NSP Loan from the County of approximately Two Million Two Hundred Sixty-Six Thousand Dollars (\$2,266,000);

(v) A HOME Program loan from the County of approximately Six Million Three Hundred Sixty-five Thousand Eight Hundred Sixty-three Dollars (\$6,365,863) (the "County HOME Loan"); and

(vi) Deferred Developer Fees as described in Section 3.8, if any.

(f) "Approved Financing Plan" means the Financing Plan approved by the County as of the date of this Agreement, attached to this Agreement as Exhibit C, incorporated herein by this reference, as the same may be amended pursuant to Section 4.5.

(g) "Assignment Agreement" means the Assignment of Collateral Documents pursuant to which the Developer assigns to the County its rights and obligations with respect to certain agreements, Plans and Specifications, and approvals, executed by the Developer as a precondition to the making of the County Loan.

(h) "Capitalized Rent Component" means that portion of the County Loan, in the approximate amount of Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) to be disbursed to the Developer, subject to the disbursement conditions set forth in Section 3.6 of this Agreement.

(i) "CEQA" means The California Environmental Quality Act, California Public Resources Code §21000- §21177, as amended.

(j) "Certificate of Completion" means the final Certificate of Completion issued by the County, or comparable County sign-off on the Completion of Construction of the Improvements. The form of Certificate of Completion is attached hereto as Exhibit L and incorporated herein by this reference.

(k) "Close of Escrow" means the date of recording of the Memorandum of DDA, Memorandum of Housing Lease, Leasehold Deed of Trust against the Developer's interest in the Property.

(l) "Collateral" means and includes all right, title, interest, claims and demands of the Developer in and to the Collateral Documents, including contract rights and general intangibles, now existing or hereafter arising; and all amendments, substitutions for, and proceeds thereof, including, without limitation, insurance and similar payments.

(m) "Collateral Documents" means the Developer's right, title and interest to all project agreements, including but not limited to development reports, all contracts, architect's agreements, engineer's agreements, management agreements, and all other contracts and agreements which concern the development and/or operation of the Development, all

Governmental Approvals (including but not limited to all permits and licenses), plans, specifications, drawings, franchises, utility agreements and similar materials not yet obtained, and any other documents and information related to the Development, reports, Plans and Specifications, and general documents associated with the Development. For purposes of clarifying the foregoing, "Collateral Documents" shall expressly exclude any documents that, pursuant to applicable law, the Developer does not have the right to pledge and assign as contemplated by this Agreement.

(n) "Commencement of Construction" means the date on which the construction commences on the Development, as specified in the Schedule of Performance.

(o) "Completion Component" means that portion of the County Loan, in the approximate amount of Four Hundred Eighteen Thousand Nine Hundred Thirteen Dollars (\$418,913) to be disbursed to the Developer, subject to the disbursement conditions set forth in Section 3.6 of this Agreement.

(p) "Completion of Construction" means the date the Certificate of Completion for the Development is issued by the County, as specified in the Schedule of Performance.

(q) "Conceptual Site Plan" means the schematic documents showing the basic physical characteristics of the Development and the location of Improvements on the Property, including preliminary building plans and section and elevations of the Development. The Conceptual Site Plan is attached hereto as Exhibit A-2, incorporated herein by this reference, and includes the preliminary "Plans and Specifications".

(r) "Construction Component" means that portion of the County Loan, in the approximate amount of Three Million Seven Hundred Seventy Thousand Two Hundred Twenty-Four Dollars (\$3,770,224) to be disbursed to the Developer, subject to the disbursement conditions set forth in Section 3.6 of this Agreement.

(s) "Construction Contract" means the construction contract approved by the County pursuant to the terms of Section 6.9 hereof.

(t) "County" means San Bernardino County, a political subdivision of the State of California.

(u) "County Board of Supervisors" means the Board of Supervisors of the County.

(v) "County Documents" shall mean, collectively, this Agreement, the Housing Lease, the Promissory Note, the Leasehold Deed of Trust, the Regulatory Agreement, and all other documents required to be executed by the Developer in connection with the Development.

(w) "County Event of Default" has the meaning set forth in Section 9.2, below.

(x) "County Executive Officer" means the County's Chief Executive Officer.

(y) "County Housing Monies" means special revenue funds of the County dedicated for the provision of affordable housing.

(z) "County Loan" has the meaning set forth in Section 3.1, below.

(aa) "County's Prorata Share of Lender's Share of Residual Receipts" means, as determined at the Close of Escrow, the percentage resulting from dividing the County Loan funds disbursed to the Developer in accordance with the Agreement by the sum of such County Loan funds, the NSP Loan funds and any additional subordinate lender loan funds disbursed to the Developer in accordance with the applicable agreements.

(bb) "CPI" means Consumer Price Index (1982-84=100) for all Urban Consumers published by the United States Department of Labor, Bureau of Labor Statistics for the Riverside-San Bernardino-Ontario area or any successor thereof.

(cc) "Day Care Improvements" has the meaning set forth in Section 2.2(c).

(dd) "Developer" means AMCAL Las Terrazas Fund, L.P., a California limited partnership, and shall also be referred to as the Partnership.

(ee) "Developer Event of Default" has the meaning set forth in Section 9.3, below.

(ff) "Developer Fee" means the fee paid to the Developer, AMCAL or any affiliates thereof, in the amount and for the purposes set forth in Section 3.8.

(gg) "Development" means the ground leased Property and the Improvements.

(hh) "Escrow" means the escrow established with the Title Company for the purpose of leasing the Property from the County to the Developer.

(ii) "Evidence of Insurance Coverage" has the meaning set forth in Section 4.7 below.

(jj) "Governmental Approvals" has the meaning set forth in Section 4.4 below.

(kk) "Gross Revenue" with respect to a particular calendar year, means all revenue, income, receipts, and other consideration actually received by Developer from operation and leasing of the Development, including but not limited to:

(i) all rents, fees and charges paid by tenants, payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income;

(ii) all rents, fees and charges paid by tenants of the Day Care Improvements;

(iii) Subject to the rights of Senior Lenders, the proceeds of business interruption or similar insurance;

(iv) Any payment received in consideration for the leasing or other use of any portion of the Development;

(v) Subject to the rights of Senior Lenders, the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Development (or applied toward the cost of recovering such proceeds);

(vi) Subject to the rights of Senior Lenders, condemnation awards for a taking of part or all of the Development for a temporary period; and

(vii) Gross Revenue shall exclude tenants' security deposits, loan proceeds, capital contributions or other similar advances.

(ll) "Hazardous Materials" means 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, except such of the foregoing as may be customarily used in construction, operation and/or occupancy of projects like the Development or kept and used in and about residential property of this type.

(mm) "Hazardous Materials Claim" any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Development pursuant to Hazardous Materials Laws.

(nn) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(oo) "Housing Lease" means the long-term lease between the County and the Developer under which the Developer shall lease the Property from the County, substantially in the form of Exhibit D, incorporated herein by this reference.

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

(qq) "Improvements" means the one hundred twelve (112) units of affordable multi-family rental housing used in accordance with this Agreement, including one (1) manager's unit, all common areas, amenities, appurtenances, improvement easements, buildings and fixtures associated with the Development, including the Day Care Improvements.

(rr) "Leasehold Deed of Trust" means the leasehold deed of trust that will encumber the Developer's leasehold interest in the Property to secure repayment of the Promissory Note, substantially in the form attached hereto as Exhibit G.

(ss) "Lender's Share of Residual Receipts" means fifty percent (50%) of the Residual Receipts.

(tt) "Management Agent" means a management agent retained by the Developer and approved by the County in accordance with the provisions of Sections 7.8 and 7.9 to manage the Development.

(uu) "Management Plan" shall have the meaning specified in Section 7.8 below.

(vv) "Marketing Plan" has the meaning set forth in Section 7.14 below.

(ww) "Memorandum of DDA" means the memorandum of the Disposition, Development and Loan Agreement to be recorded against the Property on the Close of Escrow. The form of the Memorandum of DDA is attached as Exhibit H.

(xx) "Memorandum of Housing Lease" means the memorandum of the Housing Lease to be recorded against the Property on the Close of Escrow. The form of the Memorandum of Housing Lease is attached as Exhibit I.

(yy) "Net Excess Proceeds" means the portion of the actually received Approved Financing for the construction of the Development that is not required to pay the actual costs of acquisition, construction and development of the Development (including but not limited to the funding of reserves and repayment of construction financing). Net Excess Proceeds, if any, shall be determined pursuant to the procedure set forth in Section 3.5(c).

(zz) "Official Records" means the official records of the County of San Bernardino, California.

(aaa) "Operating Memorandum" has the meaning given in Section 12.19 below.

(bbb) "Parties" means the County and the Developer, and the term Party shall refer to each of them individually.

(ccc) "Partnership" means AMCAL Las Terrazas Fund, L.P., a California limited partnership, which will own the Development and is herein also referred to as the Developer.

(ddd) "Permanent Financing" means the sources of approved permanent financing for the Development as listed in the Financing Plan for the Development approved by the County pursuant to Section 4.5 and as may be amended.

(eee) "Pollution Liability Policy" has the meaning set forth in Section 7.11.

(fff) "Promissory Note" shall mean the promissory note that will evidence the Developer's obligation to repay the County Loan as set forth in this Agreement, substantially in the form of Exhibit F.

(ggg) "Property" has the meaning set forth in Recital B.

(hhh) "Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants that will be recorded against the Developer's leasehold interest in the Property upon execution of the Housing Lease and will restrict the Development and use of the Property to affordable housing, the form of which is attached hereto as Exhibit E.

(iii) "Residual Receipts" in a particular calendar year shall mean the amount by which Gross Revenue exceeds Annual Operating Expenses.

(jjj) "Schedule of Performance" means the summary schedule of actions to be taken by the Parties pursuant to this Agreement to achieve the disposition of the Property and the construction of the Development. The Schedule of Performance is attached to this Agreement as Exhibit B.

(kkk) "Security Financing Interest" has the meaning set forth in Section 10.1.

(lll) "Senior Lender" has the meaning set forth in Section 3.10(b)(ii) below.

(mmm) "Tax Credit Funds" means the proceeds from the syndication of a limited partnership interest in the Partnership to a Tax Credit Investor in the anticipated amount set forth in the Approved Financing Plan, or such other amount as may be approved by the County in an amendment to the Approved Financing Plan.

(nnn) "Tax Credit Investor" or "Investor" means the entity that, in consideration of an allocation of Tax Credits, acquires a limited partner interest in the Partnership.

(ooo) "Tax Credit Reservation" means a preliminary reservation of Tax Credits from TCAC.

(ppp) "Tax Credits" means Low Income Housing Tax Credits granted pursuant to Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Sections 50199, et seq.

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

(rrr) "Term" means the term of this Agreement, which shall commence on the Effective Date and shall continue until the fifty-seventh (57th) anniversary of the Effective Date; or that date of earlier termination pursuant to the terms of this Agreement.

(sss) "Title Company" means the Newport, California office of Fidelity National Title Company, located at 1300 Dove Street, Suite 310, Newport Beach, CA 92660, unless modified pursuant to Section 5.2.

(ttt) "Transfer" has the meaning set forth in Section 8.1.

(uuu) "Unit" means one of the units constructed on the Property and Units shall refer to all units constructed on the Property.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated in the Agreement:

- Exhibit A-1: Legal Description of the Property
- Exhibit A-2: Conceptual Site Plan
- Exhibit B: Schedule of Performance
- Exhibit C: Approved Financing Plan
- Exhibit D: Form of Housing Lease
- Exhibit E: Form of Regulatory Agreement
- Exhibit F: Form of Promissory Note
- Exhibit G: Form of Leasehold Deed of Trust
- Exhibit H: Memorandum of DDA
- Exhibit I: Memorandum of Housing Lease
- Exhibit J: Form of Residual Receipts Report
- Exhibit K: Special Terms and Conditions
- Exhibit L: Form of Certificate of Completion
- Exhibit M: Form of Vendor Direct Deposit Agreement

ARTICLE 2. PURPOSE AND OVERVIEW

Section 2.1 Scope and Purpose of Agreement. The purposes of this Agreement, as more specifically set forth herein, are to: (a) provide for the orderly construction and completion of the Development; and (b) set forth the ongoing requirements for the operation and maintenance of the Development.

Section 2.2 Land Transfers Property.

(a) Land Interests as of Effective Date. As of the Effective Date, the County owns the fee interest in the entire Property, which the County acquired pursuant to and in satisfaction of the conditions set forth in the NSP Loan Agreement.

(b) Land Interests Following the Close of Escrow. Following the Close of Escrow the Parties will hold the following interests in real property:

(i) The Developer will hold a leasehold interest in the Property pursuant to the Housing Lease and a fee interest in all improvements thereon;

(ii) The County will own the fee interest in the Property, subject to the Housing Lease;

(c) Day Care Improvement after Completion. Upon the completion of construction, the Developer may lease specified interior space located within the Day Care Improvements to County of San Bernardino Preschool Services or other day care provider, as approved by the County pursuant to Section 8.4, hereof.

Section 2.3 Recordation of Memorandum of this Agreement. As part of the Close of Escrow, the Memorandum of DDA will be recorded against the Developer's leasehold interests in the Property, subject only to such liens, encumbrances and other exceptions to title approved in writing and in advance by the County, or as otherwise set forth in this Agreement.

ARTICLE 3. COUNTY LOAN PROVISIONS

Section 3.1 County Loan. The County shall provide the "County Loan" to the Developer to finance the acquisition and construction of the Development in the principal amount of approximately Six Million Six Hundred Thirty-Nine Thousand One Hundred Thirty-Seven Dollars (\$6,639,137), consisting of Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) representing the capitalize rent value of the Property (established by an appraisal) and Four Million One Hundred Eighty-Nine Thousand One Hundred Thirty-Seven Dollars (\$4,189,137) of County Housing Monies (and subject to adjustments pursuant to Section 3.5(b)) made from the County to the Developer pursuant to the terms of this Agreement. The Developer's obligation to repay the County Loan shall be evidenced by the Promissory Note and secured by the Assignment Agreement, which shall be executed by the Developer concurrently herewith.

Section 3.2 Interest.

(a) Subject to the provisions of Section 3.2(b) below, the County Loan shall bear three percent (3%) simple interest.

(b) Upon the occurrence of a default by the Developer that remains uncured after expiration of the applicable cure period, at the County's option, the principal amount of the County Loan shall be immediately due and payable, and shall bear interest at the lesser of ten percent (10%) per annum or the maximum rate permitted by law, which will accrue, as of the date of default and continue until such time as the County Loan funds are repaid in full or the default is cured. In this regard, payments received from the Developer shall be applied first to interest accrued and the remaining balance, if any, to principal.

Section 3.3 Use of County Loan.

(a) The Developer shall use the County Loan to fund capitalized rent payments, construction and permanent financing of the Development consistent with the Approved Financing Plan.

(b) Other Uses Prohibited. The Developer shall not use the County Loan funds for any other purpose without the prior written consent of the County.

Section 3.4 Security.

(a) Assignment of Collateral Documents. The Developer's obligations under this Agreement shall be secured by the Assignment Agreement. The Developer will grant to the County, pursuant to the Assignment Agreement, a valid, second priority, continuing security

interest in all of the Developer's right, title, and interest presently existing and after-acquired or arising Collateral in order to secure prompt, full and complete payment of any and all obligations to the County under this Agreement and in order to secure prompt, full and complete performance by Developer of each of its covenants and duties under each of the County Loan Documents. For purposes hereof, the Collateral Documents subject to the Assignment Agreement shall expressly exclude any document that, pursuant to applicable law, the Developer do not have the right to pledge and assign as contemplated by this Agreement. The County shall not have any obligation under any Collateral Documents assigned pursuant to the Assignment Agreement until it expressly agrees in writing to be bound by such contracts or agreements. Upon a Developer Event of Default that has not been cured pursuant to this Agreement, in accordance with the Assignment Agreement, the County may use any of the Collateral Documents to the fullest extent allowed thereby for any purpose for which the Developer could have used them for construction of the Development, and the Developer shall cooperate with the County to implement the Assignment Agreement and immediately deposit with the County, for the County's use, all the Collateral Documents.

(b) Deed of Trust. The Leasehold Deed of Trust will secure the County Loan. The Leasehold Deed of Trust shall be recorded against the Developer's leasehold interest in the Property at the Close of Escrow.

Section 3.5 Repayment Schedule. The County Loan shall be repaid as follows:

(a) Annual Payments. Commencing on the April 1 following the first full year after the issuance of a Certificate of Completion, and on each April 1 of each year thereafter for the Term, the Developer shall make repayments of the County Loan in the amount of the County's Prorata Share of Lender's Residual Receipts. Payment of the County's Prorata Share of the Lender's Share of Residual Receipts shall be credited first against unpaid accrued interest generated pursuant to Section 3.2(b) above, and then against outstanding principal, and shall be accompanied by the Developer's report of Residual Receipts (including the independent auditor's report regarding the auditor's review of Annual Operating Expenses required by this Section). The Developer shall provide the County in the form attached hereto as Exhibit J, within ninety (90) days following the end of each calendar year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding calendar year, the calculation of Annual Operating Expenses, Gross Revenue, and Residual Receipts and the status of all reserve funds, including without limitation, an annual audited financial statement for the Development prepared by a certified public accountant approved by the County.

(b) Special Repayments from Net Excess Proceeds. Subject to the rights of senior lenders and applicable TCAC rules and regulations, no later than ten (10) days after the date the Developer receives its final Tax Credit Investor Equity contribution, the Developer shall pay to the County one-hundred percent (100%) of the Net Excess Proceeds, as a special repayment of the County Loan. Notwithstanding anything to the contrary, the County Executive Officer is authorized to approve a reduced special repayment from Net Excess Proceeds of the County Loan pursuant to this subsection in the event the County Executive Officer determines in the County Executive Officer's sole and absolute discretion that such funds are required to pay project costs reasonably incurred by the Developer and approved by the County pursuant to the Financing Plan.

(c) Determination of Net Excess Proceeds. The amount of the Net Excess Proceeds shall be determined by the Developer and submitted to the County for approval on the date the Developer submits the final cost audit for the Development to TCAC. The Developer shall also submit to the County any additional documentation sufficient to verify the amount of the Net Excess Proceeds. The County shall reasonably approve or disapprove the Developer's determination of the amount of the Net Excess Proceeds in writing within sixty (60) days of the receipt of the Developer's cost audit and supplemental documentation. If the County disapproves the Developer's determination of the amount of Net Excess Proceeds, the County shall specify in writing the reasons for the disapproval. If the Developer's determination is disapproved by the County, the Developer shall re-submit documentation to the County until the County approval is obtained. The County's share of the Net Excess Proceeds shall be due the County from the Developer within ten (10) days after the Developer receives the final equity contribution from its Tax Credit Investor.

(d) Payment in Full. Subject to the provisions of subsection (e) below, all principal and interest, if any, on the County Loan shall, at the option of the County, be due and payable upon the earliest of: (i) a Transfer other than a Transfer permitted or approved by the County as provided in Article 8 below; (ii) the occurrence of a default of the Developer for which the County exercises its right to cause the County Loan indebtedness to become immediately due and payable; or (iii) the expiration of the Term.

(e) Prepayment. The Developer shall have the right to prepay the County Loan at any time. However, this Agreement and the Regulatory Agreement shall remain in effect for their entire respective terms, regardless of any prepayment or timely payment of the County Loan.

Section 3.6 Conditions Precedent to Disbursement of County Loan. The County shall not be obligated to make any disbursements of the County Loan proceeds for costs of the Development unless the following conditions precedent are satisfied prior to each such disbursement of the County Loan:

(a) Disbursement of Capitalized Rent Component. The maximum amount of funds to be disbursed to the Developer pursuant to this Section as the Capitalized Rent Component shall not exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000), unless otherwise approved by the County Executive Officer. The County shall not be obligated to make any disbursements of any portion of the Capitalized Rent Component unless the following conditions precedent are satisfied by the Developer:

(i) There exists no Developer Event of Default nor any act, failure, omission or condition that would constitute a Developer Event of Default under Section 9.3 of this Agreement or any other project financing agreements or contracts;

(ii) The conditions set forth in Section 5.3 have been and continue to be satisfied;

(iii) The Developer has closed all construction financing for the Development and has provided evidence reasonably acceptable to the County that the Developer is prepared to commence construction of the Development no later than the date set forth in the Schedule of Performance; and

(iv) The County has received a written draw request from the Developer, including certification that the condition set forth in Section 3.6(a)(i) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Financing Plan for the Development, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

(b) Disbursement of Construction Component. The maximum amount of funds to be disbursed to the Developer pursuant to this Section as the Construction Component shall not exceed Three Million Seven Hundred Seventy Thousand Two Hundred Twenty-Four Thousand Dollars (\$3,770,224), unless otherwise approved by the County Executive Officer. The County shall not be obligated to make any disbursements of any portion of the Construction Component unless the following conditions precedent are satisfied by the Developer:

(i) All requirements set forth in Section 3.6(a) have been and continue to be satisfied;

(ii) The County has received a copy of the General Contractor's Construction Contract as required pursuant to Section 6.9 below;

(iii) The County has received and approved the labor and material (payment) bonds as required pursuant to Section 6.2 below;

(iv) The Developer has executed a partnership agreement approved by the County, with the Tax Credit Investor, in which the Tax Credit Investor is obligated to provide Developer the Tax Credit Investor Equity;

(v) Developer 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;

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

(vii) Developer has obtained all permits and approvals necessary for the construction of the Development, as required by Section 4.4, provided however the Developer may satisfy this requirement with regards to the building permit, if the Developer provides the County with a permit ready letter from the City Building Department

(viii) Developer 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 6.20 of this Agreement;

(ix) Developer has submitted the Vendor Direct Deposit Agreement, in the form attached hereto as Exhibit M, incorporated herein by this reference; and

(x) The County has received a written draw request from the Developer, including certification that the condition set forth in Section 3.6(a)(i) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Financing Plan for the Development, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

(c) Disbursement of Completion Component. The maximum amount of funds to be disbursed to the Developer pursuant to this Section as the Completion Component shall not exceed Four Hundred Eighteen Thousand Nine Hundred Thirteen Dollars (\$418,913), unless otherwise approved by the County Executive Officer. The County shall not be obligated to make any disbursements of any portion of the Completion Component unless the following conditions precedent are satisfied by the Developer:

(i) All requirements set forth in Section 3.6(a) and 3.6(b) have been and continue to be satisfied and there exists no Developer Event of Default nor any act, failure, omission or condition that would constitute a Developer Event of Default under this Agreement;

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

(iii) 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;

(iv) The Developer 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 Developer's partnership agreement;

(v) The County has received from Developer current evidence of the insurance coverage meeting the requirements of Section 7.11 below;

(vi) The County has received and approved a report setting forth: (1) the income, household size, race, and self-reported ethnicity of the tenants of the Units; (2) the unit size, rent amount and utility allowance for all Units; and (3) the number of accessible units in the Development pursuant to Section 6.20;

(vii) The County has received a draft of the form 8609, final cost certification for the Development from Developer showing all uses and sources;

(viii) The County has received from Developer and approved a form of tenant lease;

(ix) The County has received from Developer and approved the Marketing Plan;

(x) The County has received from Developer and approved a copy of the Services Plan, as described in Section 7.17, for the provision of service to tenants;

(xi) Developer has submitted a certification from the architect certifying that the Units have been constructed in compliance with Section 6.20 of this Agreement;

(xii) The County has received from Developer 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;

(xiii) If the Developer is required to pay prevailing wages, the Developer has submitted copies of all certified payrolls to the County, and any identified payment issues have been resolved, or Developer is working diligently to resolve any such issues; and

(xiv) The County has received a written draw request from the Developer, including certification that the condition set forth in Section 3.6(a)(i) continues to be satisfied, and setting forth the proposed uses of funds consistent with the Financing Plan for the Development, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

Section 3.7 Reports and Accounting of Residual Receipts.

(a) Audited Financial Statement. In connection with the annual repayment of the County Loan under Section 3.5, within ninety (90) days following the end of each calendar year, the Developer shall furnish to the County an audited statement duly certified by an independent firm of certified public accountants approved by the County, setting forth in reasonable detail the computation and amount of Residual Receipts during the preceding calendar year.

(b) Books and Records. The Developer shall keep and maintain at the Development, or elsewhere with the County's written consent, full, complete and appropriate books, record and accounts relating to the Development, including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail the Developer's calculation of Residual Receipts. Books, records and accounts relating to the Developer's compliance with the terms, provisions, covenants and conditions of this Agreement shall be kept and maintained in accordance with generally accepted accounting principles consistently applied, and shall be consistent with requirements of this Agreement which provide for the calculation of Residual Receipts on a cash basis. All such books, records, and accounts shall be open to and available for inspection by the County, its auditors or other authorized representatives at reasonable intervals during normal business hours on reasonable prior notice to the Developer.

Copies of all tax returns and other reports that the Developer may be required to furnish any governmental agency shall at all reasonable times be open for inspection by the County at the place that the books, records and accounts of the Developer are kept. The Developer shall preserve records on which any statement of Residual Receipts is based for a period of not less than five (5) years after such statement is rendered, and for any period during which there is an audit undertaken pursuant to subsection (c) below then pending.

(c) County Audits. The receipt by the County of any statement pursuant to subsection (a) above or any payment by the Developer or acceptance by the County of any loan repayment for any period shall not bind the County as to the correctness of such statement or such payment. Within three (3) years after the receipt of any such statement, the County or any designated agent or employee of the County at any time shall be entitled to audit the Residual Receipts and all books, records, and accounts pertaining thereto. Such audit shall be conducted during normal business hours at the principal place of business of the Developer and other places where records are kept. Immediately after the completion of an audit, the County shall deliver a copy of the results of such audit to the Developer. If it shall be determined as a result of such audit that there has been a deficiency in a loan repayment to the County, then such deficiency shall become immediately due and payable with interest at the default rate set forth in Section 3.2(b) above, determined as of and accruing from the date that said payment should have been made. In addition, if the Developer's auditor's statement for any calendar year shall be found to have understated Residual Receipts by more than five percent (5%) and the County is entitled to any additional County Loan repayment as a result of said understatement, then the Developer shall pay, in addition to the interest charges referenced hereinabove, all of the County's reasonable costs and expenses connected with any audit or review of the Developer's accounts and records.

Section 3.8 Developer Fee.

(a) The amount and the terms of the County Loan, as provided in this Article 3, have been established by taking into account the anticipated costs of development, including a Developer Fee not to exceed One Million Eight Hundred Thousand Dollars (\$1,800,000), to be paid for development and construction management services, of which an amount may be deferred as approved in writing by the County. Except for the Developer Fee, no compensation from any source shall be received by or be payable to the Developer or AMCAL, or any affiliate of the Developer or AMCAL (collectively the "Developer Fee Recipient") in connection with the provision of development and construction management services for the acquisition and construction of the Development. The maximum cumulative Developer Fee that may be paid to the Developer Fee Recipient or any entity or entities providing development services to the Development, whether paid up-front or on a deferred basis, is not to exceed One Million Eight Hundred Thousand Dollars (\$1,800,000) and as approved by the County.

Section 3.9 Assumption. The Promissory Note shall not be assumable by successors and assigns of the Developer without the prior written consent of the County, which consent shall be granted or denied in the County's sole discretion.

Section 3.10 Subordination.

(a) DDA Subordination. The County shall not subordinate this Agreement or the Regulatory Agreement, without prior approval of the County Board of Supervisors.

(b) Subordination of Leasehold Deed of Trust. The County agrees to subordinate the Leasehold Deed of Trust to other Approved Financing (in each case, a "Senior Lien"), but only on condition that all of the following conditions are satisfied:

(i) All the proceeds of the proposed Senior Lien, less any transaction costs, must be used to provide acquisition, construction or permanent financing (or County approved refinancing thereof) for the Development, or any combination thereof.

(ii) The proposed lender (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 the Developer, AMCAL or any AMCAL Affiliate, other than as a depositor or a lender.

(iii) The Developer must demonstrate to the County's reasonable satisfaction that subordination of the Leasehold Deed of Trust is necessary to secure adequate construction, rehabilitation and/or permanent financing (or County approved refinancing thereof) to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by this Agreement. To satisfy this requirement, the Developer 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 construction and/or permanent financing (or County approved refinancing thereof) to ensure the viability of the Development, and adequate financing for the Development would not be available without the proposed subordination.

(iv) The subordination agreement(s) must be structured to minimize the risk that the Leasehold Deed of Trust would be extinguished as a result of a foreclosure by the Senior Lender or other holder of the Senior Lien. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by the Developer, including: (1) 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 the Developer; and (2) providing the County with a cure period of at least sixty (60) days to cure any default.

(v) The subordination(s) described in this Section may be effective only during the original term of the Senior Loan and any extension of its term or refinancing approved in writing by the County.

(vi) No subordination may limit the effect of the Leasehold Deed of Trust before a foreclosure, nor require consent of the holder of the Senior Loan to exercise any remedies by the County under the Loan Documents.

(vii) Upon a determination by the County Executive Officer that the conditions in this Section have been satisfied, the County Executive Officer or the County Executive Officer's designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval.

(c) In no event shall the County subordinate its fee interest in any portion of the Property to any mortgage, deed of trust, or regulatory agreement. The County acknowledges that it may be requested to record or attach a lease rider on the Housing Lease, as required by TCAC, and the consent to the recordation of such document against Borrower's leasehold interest in the Property will not be unreasonably conditioned, delayed or withheld.

Section 3.11 Non-Recourse.

(a) Except as provided below, upon recordation of the Leasehold Deed of Trust, the Developer shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the County Loan or the performance of the covenants of the Developer under the Leasehold Deed of Trust. The sole recourse of the County with respect to the principal of, or interest on, the Promissory Note and defaults by the Developer in the performance of its covenants under the Leasehold Deed of Trust shall be to the property described in the Leasehold Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall:

(i) Limit or impair the enforcement against all such security for the Promissory Note of all the rights and remedies of the County thereunder;

(ii) Be deemed in any way to impair the right of the County to assert the unpaid principal amount of the Promissory 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;

(iii) Be deemed in any way to limit the rights of the County to obtain specific performance by the Developer of its covenants under the County Loan Documents, other than the covenants to pay the County principal and interest due under the Promissory Note;

(b) The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Promissory Note and the performance of the Developer's obligations under the Leasehold Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Developer of its obligation to indemnify the County under this Agreement, or liability for:

(i) Fraud or willful misrepresentation of the Developer;

(ii) The failure to pay taxes, assessments or other charges which may create liens on the Developer's interest in the Property that are payable or applicable prior to any foreclosure under the Leasehold Deed of Trust (to the full extent of such taxes, assessments or other charges);

(iii) The fair market value of any personal property or fixtures removed or disposed of by the Developer other than in accordance with the Leasehold Deed of Trust; and/or

(iv) The misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Development.

Section 3.12 Anti-Lobbying Certification. The Developer certifies, to the best of the Developer's knowledge or belief, that:

(a) 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;

(a) 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.

ARTICLE 4. PREDISPOSITION REQUIREMENTS

Section 4.1 Conditions Precedent to Conveyance. The requirements set forth in this Article are conditions precedent to the County's obligations to lease the Property to the Developer.

Section 4.2 Land Use Approvals. The Developer acknowledges that execution of this Agreement by the County, and the County's approvals obtained pursuant to this Agreement are with regard to this Agreement only and do not constitute approval by the County in its typical regulatory or administrative capacity of any required permits, applications, allocations or maps, are not a substitute for the County's typical application, allocation, mapping, permitting, or approval process, and in no way limit the discretion of the County in the permit, applications, allocation, mapping or approval process. In addition to complying with the terms and conditions of this Agreement, the Developer must comply with the County's and other government entities' regulatory and administrative processes.

Section 4.3 Conceptual Site Plan. The Developer has submitted and the County has approved the Conceptual Site Plan, attached hereto as Exhibit A-2, incorporated herein by this reference. The Conceptual Site Plan will serve as a basis for the development of the precise plans and the Plans and Specifications and the application for the other Governmental Approvals.

Section 4.4 Other Governmental Approvals. No later than the date set forth in the Schedule of Performance, the Developer shall submit a preliminary plan check application for building permits, allowing for the construction of the Development called for in the Plans and Specifications (collectively the "Governmental Approvals"). The Developer shall diligently pursue and obtain building permits and Governmental Approvals for the Development, and no later than the date set forth in the Schedule of Performance, the Developer shall deliver evidence to the County that the Developer are entitled to issuance of a building permit for the Development upon payment of permit fees.

Section 4.5 Financing Plan.

(a) As a condition precedent to the Close of Escrow, the Developer shall have submitted and received approval from the County for any updates or amendments to the Approved Financing Plan, containing the following with regards to the Development:

(i) An updated "sources and uses" breakdown of the costs of constructing the Development in accordance with this Agreement. The sources and uses shall include all assumptions for all debt and equity financing, shall show the timing of uses of each source of financing and shall break down which expenses each source of financing is funding. The sources and uses shall detail the amount of the Developer Fee, if any, which may not exceed the amount set forth in Section 3.8.

(ii) An operating proforma for the first thirty (30) years of operation of the Development pursuant to the terms of this Agreement and the Regulatory Agreement, including funding for the provision of resident services.

(iii) Copies of all required funding commitments for loans, grants, or other financial assistance to assist in financing the construction and permanent financing for the Development, (including, but not limited to, a preliminary tax credit reservation and an executed commitment letter from an equity investor acceptable to the County for the Tax Credit Funds), certified by the Developer to be true and correct copies thereof;

(iv) A certified financial statement or other financial statement in such form reasonably satisfactory to the County evidencing other sources of capital sufficient to demonstrate that the Developer has adequate funds available and is committing such funds to cover the difference, if any, between costs of development and construction of the Improvements and other financial documentation stating the amount available to the Developer from external sources;

(v) Any other information that is reasonably necessary to the County in determining that the Developer has the financial capability to pay all costs of constructing the Improvements.

(b) Upon receipt by the County of the updates to the Approved Financing Plan, the County shall promptly review the updates to the Approved Financing Plan and shall approve or disapprove it within fifteen (15) days after submission if it conforms to the provisions of this Agreement. The County's review of the updates to the Approved Financing Plan shall be limited to determining if the contemplated financing will be reasonably available, if the financing contemplated in the Approved Financing Plan would provide sufficient funds to undertake and complete construction of the Development, and determining if the updates to the Approved Financing Plan are consistent with the terms of this Agreement. If the County disapproves an update to the Approved Financing Plan, the County shall specify in writing the reasons for the disapproval. The Developer shall thereafter resubmit a revised Financing Plan to the County for its approval within fifteen (15) days after the County's notification of disapproval. The County will either approve or disapprove the revised update to the Approved Financing Plan within fifteen (15) days after resubmission by the Developer.

(c) The Developer shall submit to the County, for its review and approval, any required amendments to the Approved Financing Plan including but not limited to any material amendments or modifications to the development budget, investor commitment letter, or the commitment letter from any other lender, indicating that actual costs of the Development and how they will vary from the line item costs shown on the approved Financing Plan. Any proposed revisions to the Approved Financing Plan shall be considered and approved or disapproved by the County in the same manner and according to the same timeframe set forth in subsection (b) above. Until a proposed amendment or revision to the Approved Financing Plan is approved in writing by the County, the Approved Financing Plan shall govern the financing of the Development.

Section 4.6 Evidence of Availability of Funds. No later than the date set forth in the Schedule of Performance, the Developer shall submit to the County evidence reasonably satisfactory to the County that the financing and funding identified in the Approved Financing Plan will be available following the Close of Escrow for the construction of the Development.

Section 4.7 Evidence of Insurance.

(a) No later than the date set forth in the Schedule of Performance, the Developer shall furnish to the County evidence of the insurance coverage meeting the requirements of Section 7.11 below ("Evidence of Insurance Coverage").

(b) The County shall review and reasonably approve or disapprove the evidence of insurance coverage not less than ten (10) business days after submission of complete information in the form required by County. If the County disapproves the evidence of insurance coverage, it shall specify in writing the reasons for such disapproval. The Developer shall resubmit the information required within ten (10) business days of the notification of disapproval. The County shall either approve or disapprove the submitted revised evidence of insurance within ten (10) business days of the date such revised information is received by the County. No work shall be initiated on the Development prior to receipt of the County's approval of insurance required by this Section.

Section 4.8 Tax Credit Reservation.

(a) The Developer intends to utilize Tax Credit Funds to partially finance the Development, which are subject to a competitive application process implemented by TCAC. Receipt by the Developer of a Tax Credit Reservation pursuant to this Section shall be a condition precedent to the County's obligation to execute the Housing Lease. To satisfy the requirements of this Section, the Tax Credit Reservation shall be for an amount sufficient to meet the requirements of the Approved Financing Plan to be approved by the County pursuant to Section 4.5.

(b) The Developer shall submit a timely and complete application for the Tax Credit Reservation to TCAC in the 2017 first round of TCAC preliminary reservations. If the Developer does not receive a Tax Credit Reservation in the 2017 first round, then the Developer shall submit a timely and complete application for the Tax Credit Reservation to TCAC in the 2017 second round of TCAC preliminary reservations. If the Developer does not receive a Tax Credit Reservation in the 2017 second round, then the County and the Developer will confer in good faith for a period not to exceed sixty (60) days to determine if the Developer should submit a further application to TCAC in a subsequent preliminary reservation round, subject to the continued availability of County funding sources committed hereunder, or if a feasible and mutually acceptable alternate arrangement can be made to finance development of the Improvements. If no agreement is reached between the County and the Developer within such sixty (60) day period regarding the alternative financing structure for the construction of the Improvements, subject to subsection (d) below, this Agreement may be terminated by written notice from the County to the Developer. Any agreements that are reached between the Parties regarding an alternative financing plan for the construction of the Improvements shall be memorialized in an implementation agreement to this Agreement.

(c) Upon an award of the Tax Credit Reservation from TCAC, the Developer shall exercise diligent good faith efforts to obtain a funding commitment from the Tax Credit Investor for the Tax Credit Funds. Such funding commitment shall be in a form reasonably acceptable to the County. Procurement of the Tax Credit Reservation and an acceptable funding commitment for the Tax Credit Funds shall be a condition precedent to the County's obligation to convey the Property to the Developer pursuant to the Housing Lease.

(d) Notwithstanding anything else to the contrary, if the parties mutually agree to terminate this Agreement pursuant to Section 4.8(b), then the County shall, at its sole and absolute discretion, either (1) return the fee ownership of a specified portion of the Property referred to as the Adjacent Parcels under the NSP Loan Agreement; or (2) pay the Developer the Four Hundred Sixty Thousand Dollars (\$460,000).

Section 4.9 Other Approved Financing. As set forth in the Schedule of Performance, in addition to the Tax Credit Funds all other financing necessary to construct the Improvements, as required and approved by the County in the Approved Financing Plan, shall be closed by the Developer prior to, or simultaneously with, the execution of the Housing Lease by the County. The Developer shall also submit to the County evidence reasonably satisfactory to the County that any conditions to the release or expenditure of funds described in the Financing Plan for the Development as the sources of funds to pay the costs of constructing the Improvements have been met or will be met upon the execution of the Housing Lease and subject to the Developer's satisfaction of standard disbursement preconditions required to be satisfied on a periodic basis, for constructing the Improvements. Submission by the Developer, and approval by the County,

of such evidence of funds availability shall be a condition precedent to the County's obligation to execute the Housing Lease and leasing the Property to the Developer.

ARTICLE 5. LEASE OF PROPERTY

Section 5.1 Lease.

(a) Provided the pre-disposition requirements set forth in Article 5 and the additional closing conditions set forth in Section 5.3 have been satisfied, the County shall lease the Property to the Developer pursuant to the terms, covenants, and conditions of this Agreement and the Housing Lease.

Section 5.2 Opening Escrow. The Parties shall establish the Escrow with the Title Company. The Parties shall execute and deliver all written instructions to the Title Company to accomplish the terms hereof, which instructions shall be consistent with this Agreement. Upon request by the Developer, the Title Company may be changed to a company requested by the Developer, provided (a) the title company is approved by the County and (b) the Developer shall pay all title insurance and escrow costs of the new title company.

Section 5.3 Closing.

(a) The Close of Escrow shall occur within thirty (30) days following the date on which all conditions precedent to conveyance set forth in Article 5 have been satisfied, but in no event later than the date set forth in the Schedule of Performance, and only in the event that all conditions precedent to conveyance set forth in Article 5 have been satisfied or waived by the County.

(b) Closing on Housing Lease. In addition to the conditions precedent set forth in Article 5, the following conditions shall be satisfied prior to or concurrently with, and as conditions of, execution of the Leases unless waived in writing by the County and the Developer:

(i) The Developer shall provide the County with a certified copy of a partnership authorizing resolution, approving this Agreement, the Housing Lease, and the conditions and covenants set forth in this Agreement and the Housing Lease;

(ii) The Developer shall have executed and delivered the Housing Lease, the Memorandum of Housing Lease, the Promissory Note, the Leasehold Deed of Trust, the Regulatory Agreement, and any other documents and instruments required to be executed and delivered, all in a form and substance satisfactory to the County;

(iii) The Memorandum of DDA, the Memorandum of Housing Lease, the Leasehold Deed of Trust, the Regulatory Agreement, shall have been, or concurrently with the Close of Escrow will be, recorded against the Developer's interest in the Property, as liens subject only to the exceptions authorized by the County.

(iv) The County has received reviewed and approved any updates or amendments to the Approved Financing Plan pursuant to Section 4.5 below;

(v) The County shall have received and approved any updates to the Plans and Specifications for the Development and the Developer shall have obtained issuance of building permits (or permit ready letter) and all Governmental Approvals necessary for construction of the Development by paying the required building permit fees;

(vi) The Developer shall have furnished the County with evidence of the insurance coverage meeting the general insurance requirements set forth in Section 8.11, including the Pollution Liability Policy;

(vii) The Title Company is prepared and fully authorized to record the Leasehold Deed of Trust and is unconditionally and irrevocably committed to issuing an ALTA 2006 LP-10 Lender's Policy of insurance insuring the lien priority of the Leasehold Deed of Trust in the amount of the County Loan, subject only to such liens approved by the County in the Financing Plan and such exceptions and exclusions as may be reasonably acceptable to the County and containing such endorsements as the County may reasonably require;

(viii) There exists no Developer Event of Default nor any act, failure, omission or condition that would constitute a Developer Event of Default under Section 9.3 of this Agreement or any other project financing agreements or contracts; and

(ix) All representations and warranties of the Developer contained in any part of this Agreement shall be true and correct in all material respects.

Section 5.4 Condition of Title.

(a) Property. Upon the Close of Escrow, the Developer shall have insurable leasehold interest to the Property which shall be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except:

- (i) applicable building and zoning laws and regulations;
- (ii) the provisions of the Reciprocal Easement Agreement;
- (iii) the provisions of the Housing Lease;
- (iv) the provisions of the Regulatory Agreement;
- (v) the provisions of this Agreement;
- (vi) the Leasehold Deed of Trust;

(vii) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Memorandum of the Housing Lease;

(viii) the liens of any loan approved by the County in the Financing Plan, in such priority as approved in writing by the County pursuant to Section 3.10 above; and

(ix) exceptions 2 through 13 as listed in the Preliminary Title Report dated as of January 10, 2017.

Section 5.5 Condition of Property.

(a) **"AS IS" CONVEYANCE.** THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE COUNTY IS CONVEYING AND THE DEVELOPER IS OBTAINING THE LEASEHOLD INTEREST IN THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE COUNTY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY; (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY; (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY; (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY; AND (H) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE COUNTY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE COUNTY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE

INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(b) Survival. The terms and conditions of this Section shall expressly survive the Close of Escrow, shall not merge with the provisions of the Housing Lease, or any other closing documents and shall be deemed to be incorporated by reference into the Housing Lease. The County is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the lease payments pursuant to the Housing Lease reflect the "as is" nature of this conveyance and any faults, liabilities, defects or other adverse matters that may be associated with the Property. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understands the significance and effect thereof.

(c) Acknowledgment. The Developer acknowledges and agrees that: (i) to the extent required to be operative, the disclaimers of warranties contained in this Section are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements; and (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement, that the lease payments pursuant to the Housing Lease have been adjusted to reflect the same and that the County would not have agreed to convey the Property to the Developer pursuant to the Housing Lease without the disclaimers and other agreements set forth in this Section.

(d) Release of the County. The Developer, on behalf of itself and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the County its board members, employees, officers, directors, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever; (ii) any presence of Hazardous Materials; and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

(e) Scope of Release. The release set forth in this Section includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently

unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit the County from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right the Developer and anyone claiming by, through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Developer's Initials: _____

(f) Notwithstanding the foregoing, the Developer's release of the County shall not apply to, nor shall the County be released from, the County's actual fraud or misrepresentation.

Section 5.6 Costs of Escrow and Closing. Ad valorem taxes, if any, shall be prorated as of the Close of Escrow. The Developer shall pay the cost of title insurance, transfer tax, Title Company document preparation, recordation fees and the escrow fees of the Title Company, if any, and any additional costs to close the Escrow.

ARTICLE 6. CONSTRUCTION OF IMPROVEMENTS

Section 6.1 Construction Pursuant to Plans. Unless modified by operation of Section 6.5, the Developer shall cause the Development to be constructed substantially in accordance with the Conceptual Site Plan and Plans and Specifications and the terms and conditions of the land use permits and approvals and building permits, including any variances granted. The Developer shall cause all construction work performed in connection with this Agreement to be performed in compliance with: (a) 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 the prevailing wage provisions; and (b) 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. Each element of the construction work shall proceed only after procurement of each permit, license, or other authorization that may be required for such element by any governmental agency having jurisdiction, and the Developer shall be responsible to the County for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Improvements.

Section 6.2 Construction Bonds. Not later than five (5) business days prior to the proposed Commencement of Construction, the Developer 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 6.3 Building Permits. Within the time specified in the Schedule of Performance, and prior to the Commencement of Construction and as required pursuant to Section 6.6 below, the Developer shall obtain building construction permits for the Development. The applications for building and construction permits shall be consistent with and incorporate the approved Plans and Specifications.

Section 6.4 Construction of Improvements. The Developer shall construct the Development as detailed in the Plans and Specifications and complete construction within the time specified in Section 6.6 below.

Section 6.5 Change in Construction of Improvements.

(a) Developer shall construct the Development in conformance with the approved Plans and Specifications. Developer 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 approved Plans and Specifications. 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).

(b) Consent to any additions, changes, or deletions to the work do not relieve or release Developer from any other obligations under this Agreement, or relieve or release Developer or its surety from any surety bond. No change which is required for compliance with building codes or other government health and safety regulations shall be deemed material.

Section 6.6 Commencement of Construction.

(a) The Developer shall commence construction of the Development no later than the date set forth in the Schedule of Performance (which is contemplated to be within one hundred eighty (180) days from the award of a tax credit allocation from TCAC pursuant to 4.8 above) but in no event later than December 1, 2019, unless the County and the Developer agree to extend such date as a result of the meet and confer required under Section 4.8(b).

(b) Subject to the cure rights set forth in Article 9, failure by the Developer to commence construction of the Development within such time periods shall constitute a default within the meaning and with the effect set forth in Article 9.

Section 6.7 Completion of Construction.

(a) The Developer shall diligently prosecute to completion the construction of the Development no later than the date set forth in the Schedule of Performance, but in no event later than December 1, 2021 which is the date twenty-four (24) months after the commencement of construction, unless the County and the Developer agree to extend such date as a result of the meet and confer required under Section 4.8(b).

(b) Subject to the cure rights set forth in Article 9, failure by the Developer to complete construction of the Development within such time periods shall constitute a default within the meaning and with the effect set forth in Article 9.

Section 6.8 Course of Construction. Once the Developer commence construction of the Development, the Developer shall not halt or cease construction for a period of more than thirty (30) consecutive days, subject to Section 12.3 below.

Section 6.9 Construction Contract.

(a) No later than the date set forth in the Schedule of Performance, the Developer shall submit to the County for its limited approval the proposed construction contract for the Development. The County's review and approval shall be limited exclusively to a determination whether: (i) the guaranteed maximum construction cost or stipulated sum set forth in the construction contract is consistent with the Approved Financing Plan; (ii) the construction contract is with a contractor approved by the County; (iii) the construction contract contains provisions consistent with Sections 6.10 through 6.11 of this Agreement; and (iv) the construction contracts require a retention of ten percent (10%) of hard costs until completion of the Development; or as approved by the County at its sole discretion, provided that that Developer may release retention for the following trades prior to completion of the Development: demolition, grading, foundations, framing, underground utilities and joint trench.

(b) The County's approval of the construction contract for the Development shall in no way be deemed to constitute approval of or concurrence with any other term or condition of the construction contract, except as such term or condition may be required by this Agreement.

(c) Upon receipt by the County of the proposed construction contract, the County shall promptly review same and approve it within ten (10) days if the contract satisfies the limited criteria set forth above. If the construction contract is not approved by the County, the County shall set forth in writing and notify the Developer of the County's reasons for withholding such approval. The Developer shall thereafter submit a revised construction contract for County approval, which approval shall be granted or denied in ten (10) days in accordance with the criteria and procedures set forth above. Any construction contract executed by the Developer for the Development shall be in a form approved by the County.

Section 6.10 Construction Pursuant to Plans and Laws.

(a) To the extent required by law, in the construction of the Development, the Developer 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, to the extent required by law, as applicable, the Developer shall cause its respective contractors and subcontractors to do all the following: (i) all calls for bids, bidding materials and the construction contract documents for the Development must specify that (1) 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 (2) the

Development is subject to compliance monitoring and enforcement by the DIR; (ii) the Developer 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/>); (iii) the Developer shall cause its respective contractors to post job site notices, as prescribed by regulation by the DIR; (iv) the Developer 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. Developer 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 Developer, 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.

(b) The prime contractor shall be responsible for ensuring a weekly certified payroll submitted through LCP Tracker (as defined in Exhibit K) is required during the term of construction of the Development. Payment of disbursement components may be delayed when certified payrolls are not properly submitted.

(c) The Developer shall indemnify, protect, hold harmless and defend (with counsel reasonably selected by the County) the County, its governing board members, officers, representatives, agents, assigns and employees 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 the Developer, or its contractor or subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of Labor Code Sections 1720 et seq., to hire apprentices in accordance with Labor Code Sections 1777.5 et seq., and the implementing regulations of the DIR or comply with the other applicable provisions of Labor Code Sections 1720 et seq., and the implementing regulations of the DIR in connection with the initial construction of the Development or any other work undertaken or in connection with Development and the Property.

(d) For purposes of this Section, the "initial construction" of the Development shall mean the work required in order to construct such improvements and obtain the Certificate of Completion for the Development.

(e) The requirements in this Section survive the repayment of the County Loan, and the reconveyance of the Leasehold Deed of Trust and the termination of the Housing Lease.

Section 6.11 Equal Opportunity. During the construction of the Development there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, 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 6.12 Construction Responsibilities.

(a) It shall be the responsibility of the Developer to coordinate and schedule the work to be performed so that commencement and Completion of Construction for all Improvements required to be built pursuant to this Agreement will take place in accordance with this Agreement.

(b) The Developer shall be solely responsible for all aspects of the Developer' 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 the Developer are properly discharging their obligations to the County, and should not be relied upon by the Developer 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 6.13 Certificate of Completion.

(a) Promptly after completion of the Development, and upon written request from the Developer, in accordance with those provisions of this Agreement relating solely to the obligations of the Developer to construct the Development; and the County's determination that the Developer's various obligations with regards to completion of the Development under this Agreement have been met; the County will provide the Developer with a Certificate of Completion for the Development. If upon the written request from a Developer, the County determines, at its sole discretion, that the Developer is not entitled to a Certificate of Completion, the County shall within twenty (20) days of such request, provide the Developer with a written response stating with specificity the obligations required to be completed as a condition for issuing the Certificate of Completion.

(b) The Certificate of Completion shall be conclusive evidence that the covenants in this Agreement with respect to the obligations of the Developer to construct the Development described in such certificates and the dates for the beginning and completion thereof have been met; provided, however, such certifications shall not be conclusive evidence regarding Developer' satisfaction of the prevailing wage requirements of Section 6.10 above. The Certificate of Completion shall be in such form as will enable them to be recorded among the Official Records of the County. Such certifications and determinations shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a deed of trust securing money loaned to finance any portion of Development or any part thereof and shall not be deemed a notice of completion under the California Civil Code.

Section 6.14 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Development, or a stop notice affecting the County Loan is served on the County or any other lender or other third party in connection with the Development, then the Developer 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 from a surety acceptable to the County in an amount 1 and 1/2 times the amount of such claim, or provide the County with other assurance satisfactory to the County that the claim of lien or stop notice is invalid and/or will be paid or discharged.

(b) If the Developer fail to discharge any lien, encumbrance, charge, or claim in the manner required in this Section or obtain a surety bond, then in addition to any other right or remedy, the County may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at the Developer's expense. Alternatively, the County may require the Developer 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 the Developer.

(c) The Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against any portions of the Development. The Developer authorize the County, but without any 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 the Property.

Section 6.15 Inspections. The Developer shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection of the Development by the County and by public authorities during reasonable business hours upon forty-eight (48) hours' written notice for the purposes of determining compliance with this Agreement, provided, however, that nothing in this Agreement shall entitle the County to enter an occupied unit in the Development without notice to the tenant thereof, which the Developer shall deliver on behalf of the County, and permission from such tenant to the extent such permission is required by law. Such inspections does not relieve the Developer, or its contractors, from any applicable requirement to obtain other County inspections in connection with the construction of the Improvements.

Section 6.16 Progress Reports and Information. The Developer shall provide any information reasonably requested by the County in connection with the Development.

(a) Until such time as the Developer is entitled to issuance of a Certificate of Completion for the Development, the Developer shall provide the County with quarterly progress reports, or as reasonably requested by the County, regarding the status of the construction of the Development.

Section 6.17 Records.

(a) The Developer shall maintain complete, accurate, and current records pertaining to the construction work of their respective parts of the Development for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the County to inspect and copy records upon reasonable notice to the Developer. Such records shall include all invoices, receipts, and other documents related to expenditures from the County Loan. Records must be kept accurate and current.

(b) The County shall notify the Developer of any records it deems insufficient. The Developer shall have thirty (30) 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 thirty (30) days is reasonably necessary to correct the deficiency, then the Developer shall begin to correct the deficiency within thirty (30) days and complete the correction of the deficiency as soon as reasonably possible.

Section 6.18 Relocation. From and after the Close of Escrow, if and to the extent that the conveyance of a leasehold interest in the Property or the construction of the Development result in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then the Developer shall comply with all applicable local, state, and federal statutes and regulations, (including without limitation California Government Code Section 7260 et seq., and accompanying regulations) with respect to relocation planning, advisory assistance, and payment of monetary benefits. From and after the Close of Escrow, the Developer shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. The Developer shall defend (with counsel reasonably selected by the County) the County, its governing board members, officers, representatives, agents, assigns and employees against any claim for damages, compensation, fines, penalties, relocation payments or other amounts arising out of the failure or alleged failure of any person or entity (including the Developer or the County) to satisfy relocation obligations related to the development of the Development. This obligation to indemnify shall survive termination of this Agreement.

Section 6.19 Financial Accounting and Post-Completion Audits.

(a) No later than ninety (90) days following Completion of Construction of the Development and issuance of the Certificate of Completion, the Developer shall provide to County a financial accounting of all sources and uses of funds. No later than one hundred fifty (150) days following Completion of Construction of the Improvements, the Developer shall submit to the County a copy of the cost certification report prepared by the Developer's accountant and submitted to TCAC showing the sources and uses of all funds utilized for the Improvements.

(b) The Developer shall make available for examination at reasonable intervals and during normal business hours to County all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit County to audit, examine, and make excerpts or transcripts from such records upon reasonable prior notice to the Developer. The County, in its reasonable discretion, may make audits of any

records related to the development or operation of the Development or the Developer's compliance with the County Documents.

Section 6.20 Accessibility.

(a) The Developer shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973 ("Section 504"); Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations and the Uniform Federal Accessibility Standards ("UFAS") (collectively, the "Accessibility Requirements"). In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et seq.), a minimum of six (6) units in the Development shall be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of three (3) 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 UFAS under 49 C.F.R. 31528.

(b) In compliance with Section 504 and at the times specified in this Agreement, the Developer shall provide the County with a certification from the architect that, to the best of the architect's knowledge, the Development complies with all federal and state accessibility requirements applicable to the Development.

(c) The Developer 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 the Developer, its architect, contractor and subcontractors) to construct the Development in accordance with the Accessibility Requirements. The requirements in this subsection survive repayment of the County Loan and the reconveyance of the Leasehold Deed of Trust.

ARTICLE 7.
ONGOING DEVELOPER OBLIGATIONS

Section 7.1 Applicability. The conditions and obligations set forth in this Article 7 shall apply throughout the Term, unless a different period of applicability is specified for a particular condition or obligation.

Section 7.2 Use.

(a) The Developer hereby agrees that, for the entire Term, the Development will be used and continuously operated and maintained as multi-family affordable rental housing to be made available to and occupied by extremely-low, very-low, and low- income households at affordable housing cost (and other related uses) in conformity with this Agreement and the Regulatory Agreement. In the event of a foreclosure of a Senior Lien (or deed in lieu of foreclosure), then the County and the entity acquiring the Development at foreclosure (or through a deed in lieu of foreclosure) shall apportion the affordability targeting in a manner to maximize the number of low- income households that may be assisted.

(b) Notwithstanding anything to the contrary, the Day Care Improvements may be used for day care related uses in accordance with the requirements of Section 2.6 of the Housing Lease.

Section 7.3 Records.

(a) The Developer shall maintain complete, accurate, and current records pertaining to the operation of the Development and that pertain to the surviving obligations under this Agreement for a period of five (5) years after the creation of such records and shall permit any duly authorized representative of the County to inspect and copy such records. Such records shall include all invoices, receipts, and other documents related to expenditures of proceeds from the various replacement and operating reserve accounts. Records must be kept accurate and current.

(b) The County shall notify the Developer, of any records it deems insufficient. The Developer shall have thirty (30) 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 thirty (30) days is reasonably necessary to correct the deficiency, then the Developer shall begin to correct the deficiency within thirty (30) days and correct the deficiency as soon as reasonably possible.

Section 7.4 Audits. The Developer shall make available for examination at reasonable intervals and during normal business hours to the County all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit the County to audit, examine, and make excerpts or transcripts from such records. The County may make audits of any conditions relating to this Agreement.

Section 7.5 Maintenance Development.

(a) The Developer agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, of the Development in good and sanitary condition and repair (and as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by AMCAL or AMCAL Affiliates and in accordance with a Management Plan approved pursuant to Section 8.8 of this Agreement (including without limitation any landscape and signage plans), as the same may be amended from time to time, and all applicable laws, rules, ordinances, orders, and regulations of all federal, state, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials.

(b) The Developer acknowledges the great emphasis the County places on quality maintenance to protect its investment and to provide quality low-income housing for area tenants and to ensure that County-assisted affordable housing projects are not allowed to deteriorate due to deficient maintenance. In addition, the Developer shall keep the Development free from all graffiti, and any accumulation of shopping carts, debris or waste material. The Developer shall promptly make all repairs and replacements necessary to keep the Development in good and sanitary condition and repair (and as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by AMCAL or

AMCAL Affiliates and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable materials.

(c) In the event that the Developer breaches any of the covenants contained in this Section and such default continues for a period of seven (7) 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, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default, or if a period longer than seven (7) and thirty (30) days is reasonably necessary to correct the deficiency, respectively, then the Developer shall begin to correct the deficiency within seven (7) and thirty (30) days, respectively, and correct the deficiency as soon as reasonably possible. Pursuant to such right of entry, the County shall be permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the Improvements and landscaped areas on the Property, and to attach a lien 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, including a ten percent (10%) administrative charge, which amount shall be promptly paid by the Developer to the County upon demand.

(d) The conditions and obligations set forth in this Section shall run with the Property and shall apply for the entire Term of this Agreement.

Section 7.6 Taxes and Assessments.

(a) Each Developer 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 its respective portion of the Development or its respective leasehold interest in the Development; provided, however, that the Developer shall have the right to contest in good faith any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge against it, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest. The conditions and obligations set forth in this Section shall run with the Property and shall apply for the entire Term of this Agreement.

Section 7.7 Hazardous Materials.

(a) The Developer prepared and submitted a "Voluntary Cleanup Agreement" pursuant to Health and Safety Code Section 25355.5(a)(1)(C), under which the Developer remediated portions of the Property under the supervision of the State of California Environmental Protection Agency Department of Toxic Substances Control ("DTSC"). As of the date of this Agreement, the remediation work required under the Voluntary Cleanup Agreement has been completed and the DTSC has issued a No Further Action Letter (or equivalent letter stating the all remediation has been satisfactorily completed and that the Property is suitable for development).

(b) No Hazardous Materials Activities. The Developer hereby represents and warrants to the County that, at all times from and after the Close of Escrow, the Developer shall not cause or permit the Property, or the Improvements thereon, to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(c) Hazardous Materials Laws. The Developer hereby represents and warrants to the County that, at all times from and after the Close of Escrow, the Developer shall comply and cause the Property, and the Improvements thereon, to comply with Hazardous Materials Laws, including without limitation, those relating to soil and groundwater conditions.

(d) Notices. The Developer hereby represents and warrants to the County that, at all times from and after the Close of Escrow, the Developer shall immediately notify the County in writing of: (i) the discovery of any Hazardous Materials on or under the Property; (ii) any knowledge by the Developer that the Property does not comply with any Hazardous Materials Laws; (iii) any claims or actions pending or threatened against the Developer, the Property, or the Improvements by any governmental entity or agency or any other person or entity relating to Hazardous Materials Claims; and (iv) the 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 designated as "border zone property" under the provisions of California law, or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Development under any Hazardous Materials Laws. The County shall have 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 attorney's fees in connection therewith paid by the responsible Developer.

(e) Remedial Action. Without the County's prior written consent, which shall not be unreasonably withheld, the Developer shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(f) Indemnity. Without limiting the generality of the indemnification set forth in Section 13.7 below, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably selected by the County) the County, its governing board members, officers, representatives, agents, assigns and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (i) the failure of the Developer or any other person or entity to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Development; (ii) the presence in, on or under the Development of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or

from the Development; and (iii) any activity carried on or undertaken on or off the Development, and whether by the Developer or any successor in title or any employees, agents, contractors or subcontractors of the Developer or any successor in title, or any third persons at any time occupying or present on the Development, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Development. The foregoing indemnity shall further apply to any residual contamination on or under the Development, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

(g) No Limitation. The Developer hereby acknowledges and agree that the Developer' duties, obligations and liabilities under this Agreement, including, without limitation, under this Section, are in no way limited or otherwise affected by any information the County may have concerning the Development and/or the presence within the Development of any Hazardous Materials, whether the County obtained such information from the Developer or from its own investigations.

Section 7.8 Management Plan and Procedures.

(a) No later than the date set forth in the Schedule of Performance, the Developer shall submit to the County an initial proposed Management Plan for the Development which shall identify the name and qualifications of a proposed management agent, and include a proposed management agreement and written guidelines or procedures for tenant selection, operation and management of the Development, and implementation of the income certification and reporting requirements of the Regulatory Agreement (collectively, the "Management Plan"). The County shall approve or disapprove the Management Plan in writing within fifteen (15) calendar days following the County's receipt of the complete Management Plan, which approval shall not be unreasonably denied. If the Management Plan is disapproved by the County, the County shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have fifteen (15) calendar days following the receipt of such notice to submit a revised Management Plan.

(b) The provisions of this Section relating to time periods for approval, disapproval, and resubmission of the new Management Plan shall continue to apply until the Management Plan has been approved by the County; provided, however, that if the County's reasonable approval of the Management Plan has not been obtained by the date set forth in the Schedule of Performance the County may terminate this Agreement. County approval of these documents shall be a condition precedent to County executing the Housing Lease leasing the Property to the Developer.

Section 7.9 Management Agent; Periodic Reports.

(a) Management Agent. The Development shall at all times be managed by an experienced Management Agent reasonably acceptable to the County, with demonstrated

ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing. For any change in the Management Agent, the Developer shall submit for the County's approval the identity of any proposed Management Agent. The Developer shall 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 the Developer in writing. The County hereby approves FPI Management as the initial Management Agent.

(b) Performance Review. The County reserves the right to conduct a periodic review of the management practices and financial status of the Development within thirty (30) days after each anniversary of the issuance of the Certificate of Completion. 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. The Developer shall cooperate with the County in such reviews.

(c) Books, Records and Reports. For purposes of such periodic reviews, the Developer and the Management Agent shall make available to the County for inspection all books and records with respect to the Development. In addition, the Developer shall provide the County with: (i) by not later than thirty (30) days prior to commencement of each calendar year, the annual budget for the upcoming calendar year; (ii) within ninety (90) days following the end of each calendar year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding calendar year and the status of all reserve funds; and (iii) within one hundred twenty (120) days following the end of each calendar year, a copy of the Developer's federal income tax filings for the calendar year.

(d) Replacement of Management Agent. 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 of the requirements and standards of this Agreement, the Housing Lease or the Regulatory Agreement, the County shall deliver notice to the Developer of such operational issues which notice shall describe the management deficiencies with specificity along with the actions the County deems necessary to cure said deficiencies along with a period in which the deficiencies shall be cured. Within thirty (30) days of receipt by the Developer of such written notice, County staff and the Developer, and any partners of the Partnership, 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.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, with the reasonable concurrence of the partners of the Partnership and the Senior Lender, the Developer shall promptly dismiss the then Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in subsection (a) above and approved by the County pursuant to subsection (a) above.

(e) Any contract for the operation or management of the Development entered into by the Developer shall provide that the contract can be terminated as set forth above.

Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute a Developer Event of Default under Section 9.3 of this Agreement, and the County may enforce this provision through legal proceedings as specified in Article 9.

Section 7.10 Approval of Management Plan Modifications.

Pursuant to Section 7.8, the County is to review and approve the initial written Management Plan for the Development. Each year thereafter, within sixty (60) days of the end of the calendar year, the Developer shall submit to the County any proposed changes to the Management Plan. The County shall approve or disapprove the proposed changes to the Management Plan in writing within fifteen (15) calendar days following the County's receipt of the request to amend the Management Plan, which approval shall not be unreasonably denied. If the change to the Management Plan is disapproved by the County, the County shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have fifteen (15) calendar days following the receipt of such notice to submit a revised Management Plan modification in any way necessary to ensure that such policies comply with the provisions of this Agreement. The County's approval of the amendments to the Management Plan shall not be unreasonably withheld.

Section 7.11 Insurance Requirements.

(a) The Developer shall maintain the following insurance coverage throughout the Term of the County 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 Developer use existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Developer 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 Developer shall secure and maintain the contract term the following types of insurance with limits as shown:

(i) Workers' Compensation/Employers Liability.

(1) 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 Developer and all risks to such persons under this Agreement.

(2) If the Developer have 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.

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

(ii) Comprehensive General Liability. General Liability Insurance covering all operations performed by or on behalf of the Developer 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:

- (1) Premises operations and mobile equipment.
- (2) Products and completed operations.
- (3) Broad form property damage (including completed operations).
- (4) Explosion, collapse, and underground hazards.
- (5) Personal injury.
- (6) Contractual liability.
- (7) \$2,000,000 general aggregate limit.

(iii) Comprehensive Automobile Liability.

(1) 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).

(2) 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.

(3) If the Developer 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.

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

(iv) 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.

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

(c) The Developer shall cause any general contractor, agent, or subcontractor working on the Development under direct contract with the Developer or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (i), (ii), and (iii) above, meeting all of the general requirements of subsections (e) and (f) below and naming the County as an additional insured. The Developer agree 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 the Developer 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 (i) 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; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (iii) a provision that no act or omission of the Developer shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iv) 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 Developer shall require the carriers of required coverages 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 Developer and the Developer' employees or agents from waiving the right of subrogation prior to a loss or claim. The Developer hereby waive 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 Developer 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 the Developer shall maintain such insurance from the time the Developer commence performance of services hereunder until the completion of such services. Within fifteen (15) days following the close of Escrow, the Developer 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 Developer agree 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 Developer 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 the County's risk management agent.

(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 the Developer or County disbursements to the Developer 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 or 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. The Developer agree 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.

(p) In addition, the Developer hereby agrees the Developer shall possess and maintain a pollution legal liability and/or environmental liability insurance policy with a minimum ten year term with a combined single limit of not less than five million (\$5,000,000) per claim or occurrence, subject to the approval of the County's Director of Risk Management (the "Pollution Liability Policy"). The required additional insured endorsement shall protect the County without any restrictions or exceptions.

Section 7.12 Safety Conditions.

(a) The Developer acknowledge that the County places a prime importance on the security of County assisted projects and the safety of the tenants and surrounding community. The Developer agree to implement and maintain throughout the Term the following security measures in the Development:

(i) to the extent feasible employ defensible space design principles and crime prevention measures in the operation of the Development including but not limited to maintaining adequate lighting in parking areas and pathways; and

(ii) provide added security including dead-bolt locks and solid-core doors for every entry door in the Development.

(b) The County shall have the right to enter on the Property and/or contact the San Bernardino County Sherriff Department if it becomes aware of or is notified of any conditions that pose a danger to the peace, health, welfare or safety of the tenants and/or the surrounding community, and to perform or cause to be performed such acts as are necessary to correct the condition.

Section 7.13 Allowable Preferences. Subject to all applicable laws, including but not limited to fair housing laws, and the rules and regulations imposed by TCAC on the low income housing tax credit program, the Developer shall give a preference in the rental of any of the units in the Development to eligible households displaced by activity of the County and the former Redevelopment Agency of the County of San Bernardino. The preferences stated in this Section are required by law and shall apply to the rentals of units in the Development throughout the Term of this Agreement.

Section 7.14 Marketing Plan.

(a) No later than six (6) months prior to the projected date of the Completion of Construction of the Improvements, Developer 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 (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) business days after

submission. If the Marketing Plan is not approved, Developer shall submit a revised Marketing Plan within fifteen (15) business days. Developer shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County.

Section 7.15 Notice of Litigation.

(a) The Developer shall promptly notify the County in writing of any litigation related to the Development, and any litigation related to the Developer for which the amount claimed or at issue is in excess of Fifty Thousand Dollars (\$50,000), and of any claims or disputes related to the Development that involve a material risk of litigation.

(b) The conditions and obligations set forth in this Section shall apply for the entire Term of this Agreement.

Section 7.16 Crime-Free Multi-Housing Unit Program Participation. For the entire Term of this Agreement, the Developer shall cause the Management Agent to participate 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 and a Final Certification (Phase V) shall be achieved and maintained by the Management Agent.

Section 7.17 Social Services.

(a) For the entire Term of this Agreement, the Developer shall contract with a service provider reasonably acceptable to provide social services to the children residing in the Development. To satisfy the requirements of this Section, the designated service provider shall be required to provide social services programs (the "Services Plan") that meet the rules and regulations imposed by TCAC and on the low income housing tax credit program.

(b) Annual Operating Expenses, as defined in Section 1.1 above, shall include an annual sum of Eighteen Thousand Six Hundred Dollars (\$18,600) for social services provided under the approved Services Plan subject to an annual increase that is equal to increase in CPI, or such other sum equal to the cost of all social services to be provided and included in the approved Financing Plan.

Section 7.18 Restrictions on Reserves. All funds in the operating reserve and replacement reserve shall continue to be held in reserve in a segregated interest bearing account. Notwithstanding anything to the contrary, the funds in the operating reserve and the replacement reserve shall remain and be property of the Development and no reserve funds may under any circumstances be: (a) released to the Partnership or any partners as cash flow; (b) used by the Developer to redeem the interest of any limited partner; or (c) used to fund a development buyout option, interest buyout option, development buyout price, interest buyout price, buyout price, sale administration fee, or any other fee or payment due as a result of any transfer under the partnership agreement; and (d) used for any other purpose other than to fund repairs, capital expenditures and other related costs approved by the County.

ARTICLE 8.
ASSIGNMENT AND TRANSFERS

Section 8.1 Definitions. As used in this Article, the term "Transfer" means:

- (a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Development or any part thereof or any interest therein or any contract or agreement to do any of the same; or
- (b) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in Developer or any contract or agreement to do any of the same; or
- (c) Any merger, consolidation, sale or lease of all or substantially all of the assets of the Developer; or
- (d) The leasing of part or all of the Property or the Improvements thereon; provided, however, that leasing of the Units included within the Improvements to tenant occupants in accordance with the Regulatory Agreement.

Section 8.2 Purpose of Restrictions on Transfer. This Agreement is entered into for the purpose of development and operation of the Development and its subsequent use in accordance with the terms hereof. The Developer recognizes that the qualifications and identity of the Developer are of particular concern to the County, in view of:

- (a) The importance of the development of the properties to the general welfare of the community;
- (b) The land acquisition assistance and other public aids that have been made available by law and by the government for the purpose of making such development possible;
- (c) The reliance by the County upon the unique qualifications and ability of the Developer to serve as the catalyst for construction of the Development and upon the continuing interest which the Developer will have in the Development to assure the quality of the use, operation and maintenance of the Development, which are deemed critical by the County;
- (d) The fact that a change in ownership or control of the owner of the Property, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Developer or the degree thereof is for practical purposes a transfer or disposition of the Property;
- (e) The fact that the Property is not to be acquired or used for speculation, but only for development and operation by the Developer in accordance with the Agreement;
- (f) The importance to the County and the community of the standards of use, operation and maintenance of the Property; and

(g) The Developer further recognize that it is because of such qualifications and identity that the County is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

Section 8.3 Prohibited Transfers.

(a) Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer shall not make or create, or suffer to be made or created, any Transfer, either voluntarily or by operation of law without the prior written approval of the County.

(b) The limitations on Transfers set forth in this Section shall apply throughout the Term.

(c) Any Transfer made in contravention of this Section shall be void and shall be deemed to be a default under this Agreement whether or not the Developer knew of or participated in such Transfer.

Section 8.4 Permitted Transfers.

(a) Transfers of Property. Notwithstanding the provisions of Section 8.3, the following Transfers related to the Property shall be permitted and are hereby approved by the County, subject to the requirements of Section 8.5.

(i) Any Transfer creating a Security Financing Interest permitted pursuant to the Approved Financing Plan;

(ii) Any Transfer directly resulting from the foreclosure of a Security Financing Interest or the granting of a deed in lieu of foreclosure of a Security Financing Interest or as otherwise permitted under Article 11 for the Property;

(iii) The leasing of residential units within the Development in accordance with the Regulatory Agreement;

(iv) The leasing of the Day Care Improvements pursuant to Section 2.6 of the Housing Lease; and

(v) The granting of easements or permits to facilitate the development of the Development.

(b) Transfers to Tax Credit Investors. The County hereby approves a Transfer of a limited partnership interest in the Partnership to the Tax Credit Investor, or to an affiliate of the Tax Credit Investor (provided such affiliate provides documentation reasonably acceptable to the County that the affiliate has sufficient financial capability to provide the capital contributions set forth in the Financing Plan) and future transfers of such interest provided that: (i) the Partnership's partnership agreement provides for capital contributions of the limited partners consistent with Financing Plan and is first approved by the County in its reasonable discretion; (ii) all documents associated with the tax credit syndication of the Development are submitted to

the County for approval prior to execution, which approval shall not be unreasonably withheld; and (iii) in subsequent transfers the Tax Credit Investor (or an affiliate of the Tax Credit Investor reasonably acceptable to the County) remains liable for all unpaid capital contributions. The Parties agree and acknowledge that AMCAL or a County approved AMCAL Affiliate shall remain the administrative general partner of the Partnership throughout the Lease Term. In the event a general partner of the Developer is removed by the limited partner of the Developer for cause following default under the Developer's partnership agreement, the County hereby approves the transfer of the general partner interest to an entity selected by the limited partner and approved in advance and in writing by the County, which approval shall not be unreasonably withheld.

(c) Transfer to Limited Partner Interest. The County also hereby approves future Transfers of the limited partner interest provided that: (i) such Transfers do not affect the timing and amount of the limited partner capital contributions provided for in the Developer's partnership agreement approved by the County; and (ii) in such 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.

(d) Transfer to Affiliates. The County also hereby approves Transfer of the Property from the Developer to a AMCAL Affiliate, and an assumption of the County Loan by such transferee, provided that (i) the transferee expressly assumes the obligations of the Developer under this Agreement and the County Loan Documents, utilizing a form of assignment and assumption agreement to be provided by the County, and (ii) all funds maintained in the operating reserve, and the replacement reserve are transferred to the transferee with the Development and continue to be reserved solely to pay operating costs or replacement costs of the Development.

(e) Notwithstanding anything to the contrary, all funds maintained in operating or replacement reserves for the Development must be transferred to the transferee with and continue to be reserved solely to pay operating costs or replacement costs of the Development.

Section 8.5 Effectuation of Certain Permitted Transfers.

(a) No Transfer of this Agreement permitted pursuant to Section 8.4 shall be effective unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an instrument in writing prepared by the County and in form recordable among the land records, shall expressly assume the obligations of the applicable Developer under this Agreement and agree to be subject to the conditions and restrictions to which such Developer is subject arising during this Agreement, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Development conveyed in such Transfer.

(b) Anything to the contrary notwithstanding, the holder of a Security Financing Interest whose interest shall have been acquired by, through or under a Security Financing Interest or shall have been derived immediately from any holder thereof shall not be required to give to County such written assumption until such holder or other person is in possession of the Property or entitled to possession thereof pursuant to enforcement of the Security Financing Interest.

(c) In the absence of specific written agreement by the County, no such Transfer, assignment or approval by the County shall be deemed to relieve either of the Developer or any other party from any obligations under this Agreement.

Section 8.6 Other Transfers with County Consent. The County may, in its sole discretion, approve in writing other Transfers as requested by either of the Developer. In connection with such request, there shall be submitted to the County for review all instruments and other legal documents proposed to effect any such Transfer. If a requested Transfer is approved by the County such approval shall be indicated to the applicable Developer requesting the Transfer in writing. Such approval shall be granted or denied by the County within sixty (60) calendar days of receipt by the County of such Developer's request for approval of a Transfer. Upon such approval, if granted, the transferee, by an instrument in writing prepared by the County and in form recordable among the land records, shall expressly assume the obligations of such Developer under this Agreement and agree to be subject to the conditions and restrictions to which such Developer is subject arising during this Agreement, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Development conveyed in such Transfer. If and to the extent the County grants consent to a Transfer under this Section, such consent shall be deemed to have been given to the assignment of the applicable lease without the need for any additional consent.

ARTICLE 9. DEFAULT AND REMEDIES

Section 9.1 General Applicability. The provisions of this Article shall govern the Parties' remedies for breach or failure of this Agreement.

Section 9.2 Fault of County.

(a) Except as to events constituting a basis for termination under Section 9.3, the following events each constitute a "County Event of Default" and a basis for the Developer to take action against the County:

(i) The County, without good cause, fails to lease the Property to the Developer within the time and in the manner set forth in Article 6 and the Developer are otherwise entitled by this Agreement to such conveyance; or

(ii) The County breaches any other material provision of this Agreement.

(b) Upon the happening of any of the above-described events, the Developer shall first notify the County in writing of its purported breach or failure, giving the County forty-five (45) days from receipt of such notice to cure or, if cure cannot be accomplished within forty-five (45) days, to commence to cure such breach, failure, or act. In the event the County does not then so cure within said forty-five (45) days, or if the breach or failure is of such a nature that it cannot be cured within forty-five (45) days, the County fails to commence to cure within such forty-five (45) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the Developer shall be

afforded all the following remedies: (1) terminating in writing this Agreement (provided, however, that the indemnification obligations survive such termination); and (2) prosecuting an action solely for specific performance. In no event shall the Developer be entitled to consequential damages for an uncured County Event of Default.

Section 9.3 Fault of Developer. Except as to events constituting a basis for termination under Section 9.2 and subject to the cure rights under Section 9.4, the following events each constitute a "Developer Event of Default" as to the Developer whose act or inaction results in the Developer Event of Default and a basis for the County to take action only against such Developer and not against the other Developer:

(a) Failure of a Developer to pay all amounts due under this Agreement within the times and in the manner specified herein, following written notice by the County of such failure and ten (10) days opportunity to cure;

(b) Failure of a Developer to exercise good faith and diligent efforts to satisfy, within the time set forth in the Schedule of Performance and in the manner set forth in Article 6, one or more of the conditions precedent to the County's obligation to convey the leasehold interest in the Property to the Developer pursuant to the Housing Lease;

(c) Failure or refusal by the Developer to execute the Housing Lease within the time periods and under the terms set forth in Article 6;

(d) The Developer constructs or attempts to construct the Improvements in violation of Article 6;

(e) The Developer fails to commence or complete construction of the Improvements within the times set forth in Article 6, or abandons or suspends construction of the Improvements prior to completion of all construction;

(f) The Developer fails to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Agreement;

(g) There shall occur any default by the Developer declared by any lender under any loan document related to any loans, secured by a deed of trust on the Development and all cure periods provided by such loan document have expired without a remedy of the default and the default has not been waived by the lender;

(h) A Transfer by a Developer occurs, either voluntarily or involuntarily, in violation of Article 8;

(i) Any representation or warranty by the Developer contained in this Agreement or in any application, financial statement, certificate or report submitted to the County in connection with this Agreement proves to have been incorrect in any material and adverse respect when made;

(j) A default occurs under the Housing Lease, the Leasehold Deed of Trust, the Promissory Note, or the Regulatory Agreement, as applicable;

(k) A court having jurisdiction shall have made or entered any decree or order: (i) adjudging the Developer, or any of the AMCAL Affiliates which are general partners or members of a Developer, to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking its reorganization of the Developer, or any of the AMCAL Affiliates that are general partners or members of a Developer, or seeking any arrangement for the Developer, or any of the AMCAL Affiliates that are general partners or members in a Developer, under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Developer, or any of the AMCAL Affiliates that are general partners or members in a Developer, in bankruptcy or insolvency or for any of their properties; or (iv) directing the winding up or liquidation of a Developer, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or the Developer shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive;

(l) The Developer, or any of the AMCAL Affiliates that are general partners or members in a Developer, shall have assigned their assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within thirty (30) days after such event or prior to sooner sale pursuant to such sequestration, attachment, or execution;

(m) The Developer: (i) has the operation of its business voluntarily or involuntarily suspended by the State of California; (ii) voluntarily stops or terminates the operation of its business; or (iii) if the Developer is a partnership, the partnership shall have the operation of the partnership or voluntarily or involuntarily dissolved, suspended or terminated by the State of California; or

(n) There shall be filed any claim of lien (other than liens approved in writing by the County) against the Property or any part thereof, or any interest or right made appurtenant thereto, and the continued maintenance of said claim of lien or notice to withhold for a period of thirty (30) days without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the County.

Section 9.4 Remedies Against Developer.

(a) Upon the happening of any of the above-described events in Section 9.3 (other than 9.3(a) which shall be subject to the cure period stated therein), the County shall first notify the applicable Developer causing the Developer Event of Default in writing of its purported breach, failure or act above described, giving such Developer in writing forty-five (45) days from receipt of such notice to cure, or, if cure cannot be accomplished within said forty-five (45) days, to commence to cure such breach, failure, or act. In the event such Developer causing the Developer Event of Default fails to cure within said forty-five (45) days, or if such breach is of a nature that it cannot be cured within forty-five (45) days, such Developer causing the Developer Event of Default fails to commence to cure within said forty-five (45) days and diligently complete such cure within a reasonable time thereafter but in no event later than one

hundred twenty (120) days, then the County shall be afforded all of its rights at law or in equity, including without limitation any or all of the following remedies:

(b) Developer Event of Default Prior to the Close of Escrow:

(i) Termination of this Agreement; provided, however, that the County's remedies pursuant to this Agreement, the indemnification provisions in this Agreement shall survive such termination.

(ii) Any of the remedies specified in Section 9.6.

(c) After the Close of Escrow:

(i) Termination of this Agreement and the Housing Lease, by written notice to the applicable Developer; provided, however, that the County's remedies pursuant to this Article 9 or any other County Document and the indemnification provisions of in this Agreement shall survive such termination;

(ii) Prosecuting an action for damages or specific performance;

(iii) Any of the remedies specified in Sections 9.5 and 9.6; and

(iv) Acceleration of the County Loan.

Section 9.5 Right to Cure at Developer's Expense. The County shall have the right to cure any monetary default by the Developer under a loan or grant in connection with the Development. However, if a Developer is in good faith contesting a claim of default under a loan or grant and the County's interest under this Agreement is not imminently threatened by such default, in the County's sole judgment, the County shall not have the right to cure such default. The Developer agrees to reimburse the County for any funds advanced by the County to cure a monetary default by the Developer upon demand therefore, together with interest thereon at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law from the date of expenditure until the date of reimbursement.

Section 9.6 Collateral Documents. If this Agreement is terminated pursuant to Section 9.4, subject to the rights of senior lenders, then the Developer shall promptly deliver to the County, within ten (10) days of such termination, copies of all plans and specifications for the Development, all permits and approvals obtained in connection with the Development, and all applications for permits and approvals not yet obtained but needed in connection with the Development. As applicable, the delivery of the Collateral Documents shall be accompanied by any updates to the Assignment Agreement, in form reasonably satisfactory to the County, of the Developer's right, title and interest in the Collateral Documents; provided however, that any use of the Collateral Documents by the County or any other person shall be without liability of any kind to the Developer and without any representation or warranty of the Developer or its employees as to the quality, validity, or usability of the Collateral Documents.

Section 9.7 Rights of Mortgagees. Any rights of the County under this Article shall not defeat, limit or render invalid any Security Financing Interest permitted by this Agreement or

any rights provided for in this Agreement for the protection of holders of Security Financing Interests related to the Development.

Section 9.8 Remedies Cumulative. No right, power, or remedy given to the County by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise. Neither the failure nor any delay to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 9.9 Waiver of Terms and Conditions. The County Executive Officer may at the County Executive Officer's discretion, as such discretion has been vested in the County Executive Officer by action of the County Board of Supervisors, waive in writing any of the terms and conditions of this Agreement or the County Documents, without the Developer completing an amendment to this Agreement. No waiver of any default or breach by the Developer hereunder shall be implied from any omission by the County to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the County to or of any act by the Developer requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under the County Documents, nor shall it invalidate any act done pursuant to notice of default, or prejudice the County in the exercise of any right, power, or remedy hereunder or under this Agreement, unless in the exercise of any such right, power, or remedy all obligations of the Developer to County are paid and discharged in full.

Section 9.10 Limited Liability of Tax Credit Investor. No Tax Credit Investor, nor any constituent partner, member, owner, officer, agent, employee, attorney or consultant of the Tax Credit Investor, including any person executing this instrument required under this Agreement, shall be liable personally under this Agreement (provided that the Tax Credit Investor is not acting as a general partner of the Developer). No recourse shall be had against any Tax Credit Investor, or any constituent partner, member, owner, officer, employee or agent, as such, of the Tax Credit Investor or any successor whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise (provided that the Tax Credit Investor is not acting as the general partner of the Developer). Any cure of any default by a Tax Credit Investor shall be accepted on the same terms and conditions as if tendered by the Developer.

ARTICLE 10. SECURITY FINANCING AND RIGHTS OF HOLDERS

Section 10.1 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Agreement, mortgages and deeds of trust, or any other reasonable

method of security are permitted to be placed upon the Developer's leasehold interest in the Property but only for the purpose of securing loans approved by the County pursuant to the approved Financing Plan for the Property or otherwise approved in writing by the County for the Property. Mortgages, deeds of trust, or other reasonable security instruments securing loans approved by the County pursuant to the approved Financing Plan are each referred to as a "Security Financing Interest." The words "mortgage" and "deed of trust" as used in this Agreement include all other appropriate modes of financing real estate construction, and land development. In no event shall a Security Financing Interest encumber the County's interest in the Property, unless approved by the County Board of Supervisors.

Section 10.2 Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the Housing Lease be construed so to obligate such holder. However, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses of improvements provided for or authorized by this Agreement.

Section 10.3 Notice of Default and Right to Cure. Whenever the County pursuant to its rights set forth in Article 7 of this Agreement delivers any notice or demand to the Developer with respect to the commencement, completion, or cessation of the construction of the Improvements, the County shall at the same time deliver to each holder of record of any Security Financing Interest creating a lien upon the Developer's leasehold interest in the Property or any portion thereof, and the Tax Credit Investor, a copy of such notice or demand. Each such holder shall (insofar as the rights of the County are concerned) have the right, but not the obligation, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach affecting the Property which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to the County relating to such improvements under this Agreement. The holder in that event must agree to complete or cause to be completed, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder or its designee properly completing such improvements pursuant to this paragraph shall assume all rights and obligations of Developer under this Agreement and shall be entitled, upon completion and written request made to the County, to a Certificate of Completion from the County, in a form acceptable to the County.

Section 10.4 Failure of Holder to Complete Improvements. In any the holder of record of any Security Financing Interest, having first exercised its option to construct, has not proceeded diligently with construction within six (6) months after default by the Developer in Completion of Construction of the Improvements under this Agreement, the County shall be afforded those rights against such holder it would otherwise have against Developer under this Agreement.

Section 10.5 Right of County to Cure. In the event of a default or breach by the Developer of a Security Financing Interest prior to the completion of the Improvements, and the holder has not exercised its option to complete the Development called to be constructed on the Property, the County may cure the default, prior to the completion of any foreclosure. In such event the County shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the County in curing the default. The County shall also be entitled to a lien upon the Property or any portion thereof to the extent of such costs and disbursements. The County agrees that such lien shall be subordinate to any Security Financing Interest, and the County shall execute from time to time any and all documentation reasonably requested by Developer to effect such subordination.

Section 10.6 Right of County to Satisfy Other Liens. After the conveyance of the leasehold estate to the Property or any portion thereof and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Property or any portion thereof, the County shall have the right to satisfy any such lien or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount therein and so long as such delay in payment shall not subject the Property or any portion thereof to forfeiture or sale.

Section 10.7 Holder to be Notified. The provisions of this Article shall be incorporated into the relevant deed of trust or mortgage evidencing each Security Financing Interest to the extent deemed necessary by, and in form and substance reasonably satisfactorily to the County, or shall be acknowledged by the holder of a Security Financing Interest prior to its coming into any security right or interest in the Property.

Section 10.8 Estoppel Certificates. Either the Developer or the County, may at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing that, to the knowledge of the certifying party: (a) this Agreement is in full force and effect and binding obligation of the Parties; (b) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments; and (c) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, such notice shall describe the nature and amount of any such default. A party receiving a request hereunder shall execute and return such certificate within twenty (20) days following receipt thereof. The County Executive Officer is authorized to execute any such estoppel certificate requested by a Developer hereunder.

ARTICLE 11. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 11.1 Developer Representations and Warranties. The Developer hereby represents and warrants, to the County as follows:

(a) Good Standing. The Developer is a duly organized, validly existing entity and is in good standing under the laws of the State of California and has the power and authority to lease the Property and carry on its business as now being conducted.

(b) Corporate Authority. The Developer has full power and authority to execute and deliver this Agreement, 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 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 each Developer, and all actions required under such Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

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

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement 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 County whatsoever binding on a Developer, or any provision of the organizational documents of such Developer, or will conflict with or constitute a breach of or a default under any agreement to which a Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of a Developer, 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 County.

(g) Pending Proceedings. No Developer is in material default under any law or regulation or under any order of any court, board, commission or County whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of a Developer, threatened against or affecting such Developer, at law or in equity, before or by any court, board, commission or County whatsoever which might, if determined adversely to the Developer, materially affect such Developer's ability to develop their respective portions of the Development.

(h) Title to Property. Upon the recordation of the Memorandum of Housing Lease, the Developer will have good and marketable leasehold title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than those liens approved by the County, liens for current real

property taxes and assessments not yet due and payable, and liens in favor of the County or approved in writing by the County.

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

(j) Sufficient Funds for Development. The Developer holds, or prior to closing will hold, sufficient funds or binding commitments for sufficient funds to obtain the leasehold interest in the Property, and complete the construction of the Improvements in accordance with this Agreement.

(k) Taxes. From and after the Developer's acquisition of a leasehold interest in the Property, the Developer will timely file all federal and other material tax returns and reports required to be filed, and will timely pay all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its income or its interest in 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 the Developer that could, if made, be reasonably expected to have a material adverse effect upon the liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Developer, taken as a whole, which would be expected to result in a material impairment of the ability of the Developer 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 the Developer of this Agreement or any other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement.

Section 11.2 Warranties. The County expresses no warranty or representation to the Developer as to fitness or condition of the Property for the building or construction to be conducted thereon.

Section 11.3 Effect of Representations and Warranties. All of the representations and warranties made by the Developer in this Agreement shall be true and correct in all material respects and throughout the Term of this Agreement. The Developer shall indemnify and defend the County and its board members, employees, officers, directors, representatives, and agents against and hold the County, and its board members, employees, officers, directors, representatives, agents, assigns and employees harmless from all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees and disbursements, that may be suffered or incurred by the County if any representation or warranty made by the Developer in this Agreement was untrue or incorrect in any material respect when made or that may be caused by any breach of the Developer of any such representation or warranty. The foregoing indemnity shall survive the termination or expiration of this Agreement.

ARTICLE 12.
GENERAL PROVISIONS

Section 12.1 Notices, Demands and Communications. Formal notices, demands, and communications between the County and the Developer shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally, to the principal office of the County and the Developer as follows:

County:

Community Development and Housing of 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

Developer:

AMCAL Las Terrazas Fund
c/o AMCAL Multi-Housing Inc.
30141 Agoura Rd Suite 100
Agoura Hills, CA 91301
Attn: President

with a copy to:

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

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.

Section 12.2 Non-Liability of County Officials, Employees and Agents. No member, official, employee or agent of the County shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the County or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

Section 12.3 Forced Delay. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or

defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of god; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather or soils conditions which, in the opinion of the Developer' contractor, will necessitate delays; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any public or governmental County or entity (other than the acts or failure to act of the County); or any other causes (other than the Developer's inability to obtain financing for the Improvements) beyond the control or without the fault of the party claiming an extension of time to perform. 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) business days from the date the party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other party within ten (10) business days of receipt of the notice. Times of performance under this Agreement may also be extended in writing by the County and the Developer. In no event shall the cumulative delays exceed one hundred eighty (180) days, unless otherwise agreed to by the Parties in writing.

Section 12.4 Inspection of Books and Records. Upon request, the Developer shall permit the County to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Developer necessary to determine the Developer's compliance with the terms of this Agreement. The Developer also has the right at all reasonable times to inspect the books, records and all other documentation of the County pertaining to its obligations under this Agreement.

Section 12.5 Provision Not Merged with Lease. None of the provisions of this Agreement are intended to or shall be merged by the Housing Lease or any lease transferring title to any real property which is the subject of this Agreement from County to the Developer or any successor in interest, and any such leases shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 12.6 Title of Parts and Sections. Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

Section 12.7 General Indemnification. The Developer agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, its directors, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Developer' performance or non-performance under this Agreement, or any other agreement executed pursuant to this Agreement, or arising out of acts or omissions of any of the Developer's contractors, subcontractors, or persons claiming under any of the aforesaid, except as directly caused by the County's willful misconduct or gross negligence. The provisions of this Section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 12.8 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 12.9 No Brokers. Each party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject

matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee except as agreed to in writing by the County and the Developer. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's attorneys' fees, if necessary, arising out of the broker's or finder's claim. The provisions of this Section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 12.10 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall 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 12.11 Venue. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the venue for such action shall be the Superior Court of the County of San Bernardino.

Section 12.12 Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the parties hereto except that there shall be no Transfer of any interest by any of the Parties hereto except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. However, on the termination of this Agreement, such covenants and restrictions shall expire. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the County expressly releases the Property from the requirements of this Agreement.

Section 12.13 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 12.14 Time of the Essence. In all matters under this Agreement, the Parties agree that time is of the essence.

Section 12.15 Action by the County. Except as may be otherwise specifically provided in this Agreement or any other of the County Documents, whenever any approval, notice, direction, finding, consent, request, waiver, or other action by the County is required or permitted under this Agreement or any other of the County Documents, such action shall be given, made, taken, refused, denied or withheld by the County Executive Officer, at the County Executive Officer's reasonable discretion (unless some other standard is expressly stated), or by

any person who shall have been designated in writing to the Developer by the County Executive Officer, without further approval by the County Board of Supervisors. Any such action shall be in writing.

Section 12.16 Complete Understanding of the Parties. This Agreement is executed in three (3) duplicate originals each of which is deemed to be an original. This Agreement and the attached exhibits constitute the entire understanding and agreement of the Parties with respect to the matters set forth in this Agreement.

Section 12.17 Entry by the County. The Developer shall permit the County, through its officers, agents, or employees, at all reasonable times to enter into the Development: (a) to inspect the work of construction to determine that the same is in conformity with the requirements of this Agreement; and (b) following Completion of Construction, to inspect the ongoing operation and management of the Development to determine that the same is in conformance with the requirements of this Agreement. The Developer acknowledge that the County is under no obligation to supervise, inspect, or inform the Developer of the progress of construction, or operations and the Developer shall not rely upon the County therefore. Any inspection by the County during the construction is entirely for its purposes in determining whether the Developer are in compliance with this Agreement and is not for the purpose of determining or informing the Developer of the quality or suitability of construction. The Developer shall rely entirely upon their own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

Section 12.18 Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties and approved by the County Board of Supervisors.

Section 12.19 Operating Memoranda.

(a) The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation, and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance of those items covered in general terms under this Agreement. If and when, from time to time during the term of this Agreement, the Parties find that refinements or adjustments regarding details of performance are necessary or appropriate, they may effectuate such refinements or adjustments through a memorandum (individually, an "Operating Memorandum", and collectively, "Operating Memoranda") approved by the Parties which, after execution, shall be attached to this Agreement as addenda and become a part hereof.

(b) Operating Memoranda may be approved and executed on the County's behalf by the County Executive Officer, or the County Executive Officer's designee. Operating Memoranda shall not require prior notice or hearing, and shall not constitute an amendment to this Agreement. Any substantive or significant modifications to the terms and conditions of performance under this Agreement shall be processed as an amendment of this Agreement in accordance with Section 12.18 hereof, and must be approved by the County Board of Supervisors.

Section 12.20 Multiple Originals, Complete Understanding of the Parties. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts. This Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters set forth in this Agreement.

Section 12.21 Recordation of Agreement. A memorandum of this Agreement shall be recorded in the Official Records of the County at the time and in the manner specified in this Agreement.

Section 12.22 Mutual Cooperation. The County and the Developer shall mutually cooperate with one another to facilitate the development of the Property as contemplated by this Agreement.

Section 12.23 Survival Clause and Termination of Covenants. The recordation of the Certificate of Completion for the Development, pursuant to the terms of Section 6.13 above, shall be conclusive evidence that the covenants in this Agreement with respect to the obligations of the Developer to construct the Development described in this Agreement and the dates for the beginning and completion thereof have been met; provided, however, such certification shall not be conclusive evidence regarding Developer's satisfaction of the prevailing wage requirements of Section 6.10 above.

[Signature Page Follows]

IN WITNESS WHEREOF, the County, the Grantee and the Developer have executed this Agreement in triplicate on or as of the date first above written.

DEVELOPER:

AMCAL Las Terrazas Fund, L.P., a California limited partnership

By: AMCAL Multi-Housing Inc, a California
corporation, its general partner

By: _____
Arjun Nagarkatti, President

COUNTY:

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

By: _____
Robert A. Lovingood, Chairman, Board of Supervisors

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

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By: _____
Deputy

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

By: _____
Michelle Blakemore
Chief Assistant County Counsel

EXHIBIT A-1

LEGAL DESCRIPTION OF THE PROPERTY

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

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;
THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;
THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;
THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;
THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;
THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;
THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;
THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

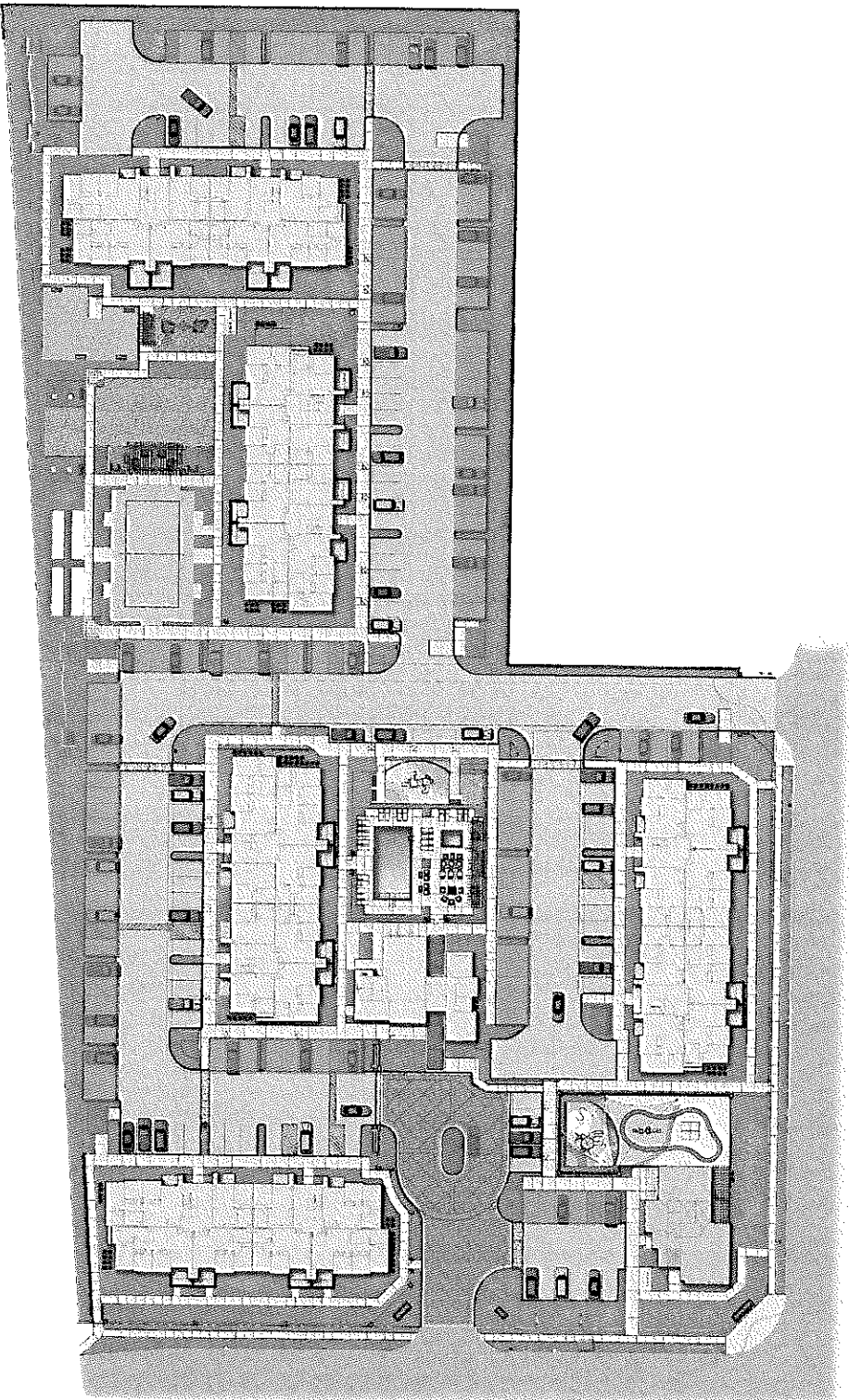
THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT A-2

CONCEPTUAL SITE PLAN



LAS TERRAZAS - COLTON, CA

AMCAL MULTI-HOUSING INC.

February 25, 2017

CONCEPTUAL SITE PLAN



EXHIBIT B

SCHEDULE OF PERFORMANCE

[Insert Schedule of Performance]

EXHIBIT B

SCHEDULE OF PERFORMANCE

This Schedule of Performance summarizes the schedule for various activities under the Disposition and Development Agreement to which this exhibit is attached. Whenever this Schedule of Performance requires the submission of plans or other documents at a specific time, such plans or other documents, as submitted, shall be complete and adequate for review by the County or other applicable governmental entity within the time set forth herein. Prior to the time set forth for each particular submission, the Developer shall consult with County staff informally as necessary concerning such submission in order to assure that such submission will be complete and in a proper form within the time for submission set forth herein. Times for performance are subject to Force Majeure, as further provided in Section 12.3 of the Agreement.

Milestone	Date
Convey Property to County	February 9, 2017
HOME Commitment Resolution	February 14, 2017
Execute DDLA	February 14, 2017
Submit tax credit application	March 1, 2017
Obtain tax credit allocation	June 15, 2017
Submit plans and application(s) for plan check and building permit	July 1, 2017
Developer submits evidence of availability of funds	10 business days prior to Close of Escrow
Obtain Building Permits	Concurrently with the Close of Escrow
Close of Escrow- Transfer Lease Interest under Ground Lease	October 31, 2017
Obtain Plan Check Approval and Building Permits	November 15, 2017
Approval of Construction Contract	Not less than 15 days prior to the Close of Escrow
Close Construction Financing	November 30, 2017
Submit Evidence of Insurance	November 30, 2017
Begin construction	December 15, 2017
Submit and obtain approval of Management Plan	July 15, 2019
Complete construction	December 15, 2019 or 24 months after construction start
Permanent Loan Closing	May 30, 2020

EXHIBIT C

APPROVED FINANCING PLAN

PROFORMA - LIHTC

Updated:

02.01.17

By: AM

Notes:

Project name	Las Terrazas Apartments
City / County	Unincorp San Bernardino
Type of Credits	9%
Set Aside	n/a
DDA or QCT	yes

Geographic	Inland Empire
Housing Type	Family
Land Acreage	5.920
Project Type	New Constr.
LIBOR	1.25%
Cap. Rate	5.50%
Const. Period	18 months
Lease+Stabilize	7 months

Equity from Fed. Tax Credits	17,691,466
Permanent Loan	4,208,635
DDF + Soft \$	14,084,412
Annual Fed. Tax Credits	1,862,260
Fed. Tax Credit Price	\$0.950

Affordable Units

Unit Square Feet	# of Bedrooms	# of Units	Proposed Rents less Utilities	Aggregate Monthly Rents	Monthly Utility Allow.	Aggregate Rents + Utility	100% Median Rents	Aggregate 100% Rents	% AMI
570	1bd/1ba	2	294	588	66	720	1200	2,400	30%
570	1bd/1ba	20	474	9,480	66	10,800	1200	24,000	45%
570	1bd/1ba	6	534	3,204	66	3,600	1200	7,200	50%
570	1bd/1ba	0	0	-	66	-	1200	-	60%
835	2bd/1ba	6	350	2,100	82	2,592	1440	8,640	30%
835	2bd/1ba	4	566	2,264	82	2,592	1440	5,760	45%
835	2bd/1ba	27	638	17,226	82	19,440	1440	38,880	50%
835	2bd/1ba	14	782	10,948	82	12,096	1440	20,160	60%
1100	3bd/2ba	4	399	1,596	99	1,992	1682	6,728	30%
1100	3bd/2ba	4	649	2,596	99	2,992	1682	6,728	45%
1100	3bd/2ba	12	732	8,784	99	9,972	1682	20,184	50%
1100	3bd/2ba	12	898	10,776	99	11,964	1682	20,184	60%
0	4bd/2ba	0	0	-	0	-	0	-	30%
0	4bd/2ba	0	0	-	0	-	0	-	45%
0	4bd/2ba	0	0	-	0	-	0	-	50%
0	4bd/2ba	0	0	-	0	-	0	-	60%

Avg. Income: 48.96%

Totals: \$69,562

\$78,760

\$160,864

Market Rate Units

100	1bd/1ba	0	-	-	-
100	1bd/1ba	0	-	-	-

Manager Units

1100	3bd/2ba	1	0	-	-
0	4bd/2ba	0	0	-	-

Total Units:	112	28 1bd units	51 2bd units	33 3bd units	0 4bd units
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Density: 19 du/ac

25%

46%

29%

0%

Bedrooms: 229

Residential Building Structures:

Sqft excl. Mgr. Units	93,745	
Sqft incl. Mgr. Units	94,845	net sf
Sqft of Aff. Units	93,745	
Efficiency loss	20,820	18%
Total Bldg Sqft	115,665	gross sf

Applicable Fraction Calculation:

Total # of units excl. Mgr	111
Total # of Aff. Units	111
Units Ratio of Aff./ ttl - mgr	100.00%
Sqft Ratio of Aff./ ttl - mgr	100.00%
Applicable Fraction	100.00%

Residential Garage Parking:

Type	on-grade
No. Stalls	112
Sqft per stall	171
Garage sqft	0

THRESHOLD BASIS CALCULATIONS

Unit size	Unit Basis Limit	# of units	Total	Unadjusted Threshold Basis Limit		29,439,060	
				<u>Adjustments to Basis:</u>			
1bd/1ba	\$ 209,571	28	5,867,988	Prevailing Wage	yes	5,887,812	20%
2bd/1ba	\$ 252,800	51	12,892,800	New const. parking below	no	-	7%
3bd/2ba	\$ 323,584	33	10,678,272	Day Care	yes	588,781	2%
4bd/2ba	\$ 360,493	0	-	Elevator	no	-	10%
				Energy Efficiency	no	-	10%
				Local Impact Fees	yes	1,529,365	
				Opportunity Index	no	-	10%
				--	0%	-	
				--	0%	-	
Total		112	29,439,060	Adjusted Threshold Basis Limit		37,445,018	<u>Per unit</u> 334,331

INCOME & EXPENSE (AT STABILIZED OCCUPANCY)

	(1st Trust Deed) Annual	(PBV Overhang) Annual		
Income from Rents	834,744			
Income from PBV Overhang		168,000		
Other Income: laundry	20,160		15 /unit/mo.	
Gross Income	854,904	168,000		
Avg Inc Adj	48.96%	-		
Vacancy @	5.00%	42,745	8,400	
Adjusted Gross Inc.	812,159	159,600		
Operating Expenses	481,600		4,300 /unit/year	[4,300 TCAC Minimum]
Replacement Reserves	28,000		250 /unit/year	[250 TCAC Minimum]
Supportive Services Coordinator	18,600		168 /unit/year	[10,000 Annual TCAC Minimum]
Real Estate Taxes	-		- /unit/year	
Mandatory High Quality Air Filters	12,097			
Other: HPI Fee	4,320		39 /unit/year	
Other: PLL Insurance	9,000			
Total Expenses	553,617		4,756	
Net Operating Income	258,542	159,600		
Debt Service - Perm Loan	215,452	133,000	1.20 DCR - Perm	
Debt Service - Soft Loan (must-pay)	-		- DCR - Soft Loan	0.42%
Total Debt Service	215,452	133,000	1.20 DCR - Combined	
Cash Flow	43,090	26,600		
Total Cash Flow	\$69,690			

COST BREAKDOWN						
111 Affordable Units			1 Mgr. Units	0 Market Rate Units		
	Project Cost	Basis	Non Basis	\$ Per D.U.	% Proj. Cost	\$ per gross sf
Acquisition						
<i>Land Cost or Land Value</i>	2,450,000		2,450,000	21,875	6.81%	21.18
<i>Land Lease Rent Prepayment</i>	-		-	-	0.00%	0.00
Land Closing Cost	20,000		20,000	179	0.06%	0.17
Land Carrying Cost	479,469		479,469	4,281	1.33%	4.15
Demolition & Remediation	138,835		138,835	1,240	0.39%	1.20
	-	-		-	0.00%	0.00
<i>Off Site Development</i>	976,027	976,027		8,715	2.71%	8.44
New Construction						
<i>Sitework</i>						
Onsites/Common Area	3,387,178	3,387,178		30,243	9.41%	29.28
Underground Garage	-	-		-	0.00%	0.00
<i>Structures</i>						
Direct Building Const.	15,506,654	15,506,654		138,452	43.09%	134.07
GC Contingency		-		-	0.00%	0.00
General Requirements	794,794	794,794		7,096	2.21%	6.87
Contractor Overhead	1,033,233	1,033,233		9,225	2.87%	8.93
Contractor Profit	1,033,233	1,033,233		9,225	2.87%	8.93
<i>Commercial (non-basis)</i>	-		-	-	0.00%	0.00
<i>Total:</i>	22,731,119					
<i>per d.u.</i>	202,956					
Architectural Fees						
Design	628,200	628,200		5,609	1.75%	5.43
Supervision	-	-		-	0.00%	0.00
Survey & Engineering	783,400	783,400		6,995	2.18%	6.77
Environmental Consultants	389,566	389,566		3,478	1.08%	3.37
Misc Consultants	190,600	190,600		1,702	0.53%	1.65
Soft Goods	-	-		-	0.00%	0.00
Construction Interest and Fees						
Constr'n Loan Origination Fee	173,818	173,818		1,552	0.48%	1.50
Constr'n Loan Interest Reserve	875,609	875,609	-	7,818	2.43%	7.57
G. C. Credit Enhancement	187,532	187,532		1,674	0.52%	1.62
Improvement Bond Premium	-	-		-	0.00%	0.00
Closing Costs	40,000	40,000		357	0.11%	0.35
Legal - Constr. Lender	25,000	25,000				
Property Taxes	121,930	121,930		1,089	0.34%	1.05
Insurance	332,139	332,139		2,966	0.92%	2.87
Title and Recording	25,000	25,000		223	0.07%	0.22

Permanent Financing

Loan Origination Fee	42,086		42,086	376	0.12%	0.36
Closing Fees & Reports	20,000		20,000	179	0.06%	0.17
Legal	25,000		25,000	223	0.07%	0.22
Credit Enhancement	-		-	-	0.00%	0.00
Title and Recording	-		-	-	0.00%	0.00
Property Taxes	-		-	-	0.00%	0.00

Legal Fees

Legal and Audit (Construction)	80,000	56,000	24,000	714	0.22%	0.69
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Reserves

Operating Reserve	225,517		225,517	2,014	0.63%	1.95
Lease-up Reserve	-		-	-	0.00%	0.00
Capitalized Replacement Reserve	-		-	-	0.00%	0.00

Appraisal Costs

	11,950	11,950		107	0.03%	0.10
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Other

<i>TCAC Fees</i>	122,000		122,000	1,089	0.34%	1.05
<i>Permit Processing Fees</i>				-	0.00%	0.00
Onsite (impact) Fees, Permits	1,529,365	1,529,365	-	13,655	4.25%	13.22
Bldg. Permit Fees	855,571	855,571		7,639	2.38%	7.40
Marketing	92,000		92,000	550	0.26%	0.80
Furnishings/Appliances	123,200	123,200		1,100	0.34%	1.07
Market Study	11,950	11,950		107	0.03%	0.10
Relocation Expenses	-		-	-	0.00%	0.00
Accounting	35,000	35,000		313	0.10%	0.30
Hard Cost Contingency	1,136,556	1,136,556		10,148	3.16%	9.83
Soft Cost Contingency	282,102	282,102		2,519	0.78%	2.44

Developer Costs

Developer Overhead/Profit	1,399,999	1,000,000	399,999	12,500	3.89%	12.10
Consultant/Processing Agent	-	-		-	0.00%	0.00
Other: Non-profit Partner	100,000	100,000		893	0.28%	0.86
Other: Special Ltd. Partner	300,000	300,000		2,679	0.83%	2.59

Total Project Costs

	35,984,513	31,945,606	4,038,907	321,290	100%	311.11
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SOURCES & USES OF FUNDS

SOURCES	CONSTRUCTION PERIOD	Per Project
Construction Loan	78% LTV	17,381,808
Permanent Loan during construction	0% LTC	-
Deferred Developer Fee		979,999
Capitalized Land Lease		2,450,000
Predevelopment Loan (NSP III Funds)		850,000
County of San Bernardino Soft Loan		10,555,000
GP Contribution (Capitalized Envir. Remediation Costs)		229,412
<i>Construction Period Bridge Amount</i>		
Investor Bridge Loan/Tax Credit Equity:	20.00% of Tax Credit Equity	3,538,293
		<u>35,984,513</u>
USES		
Project costs at construction completion	<u>35,984,513</u>	0

SOURCES	PERMANENT PERIOD	
Federal Tax Credit Equity		17,691,466
State Tax Credit Equity		-
Permanent Loan (1st Trust Deed)		2,916,002
Permanent Loan (Amt from PBV Overhang)		1,292,633
Deferred Developer Fee		-
Capitalized Land Lease		2,450,000
Predevelopment Loan (NSP III Funds)		850,000
County of San Bernardino Soft Loan		10,555,000
GP Contribution (Capitalized Envir. Remediation Costs)		229,412
		<u>35,984,513</u>
USES		
Total Project Costs	<u>35,984,513</u>	
Gap (deficit) or surplus:		0

TAX CREDIT CALCULATIONS - Federal		basis	credits/equity
Total Eligible Basis		31,945,606	
Deduct Threshold Basis Overage		-	
Deduct Ineligible Amounts and Voluntary Basis Reduction		16,028,858	
Requested Unadjusted Eligible Basis		15,916,748	
Total Adjusted Eligible Basis	130%	20,691,773	
Qualified Basis	100%	20,691,773	
Voluntary Credit Reduction	0%	-	
Total Adjusted Qualified Basis		20,691,773	
Maximum Federal Credits Available	9.00%		18,622,596
		10 Yr. Federal Credit Reservation:	
Equity Raised from Sale of Fed Credits	\$0.950 price		17,691,466

TAX CREDIT CALCULATIONS - State

Maximum State Credits Available	-
State Credits Necessary for Feasibility	-
Equity Raised from Sale of State Credits	\$0.70 price
Blended Tax Credit Price	n/a
State Credit Reservation:	

PERMANENT LOAN CALCULATIONS

First Trust Deed Loan			
A.			
Amort. (yrs)	30	Loan:	\$ 2,916,002
DCR	1.20	PMT:	215,452
int. rate	6.25%	LTV:	62%
B.			
CAP	5.50%	Loan:	\$ 3,995,654
LTV	85.00%	PMT:	295,223
		DCR:	88%
Lesser of A & B:			\$ 2,916,002

Additional Loan Amount From Project-Based Voucher Overhang			
A.			
Amort. (yrs)	15	Loan:	\$ 1,292,633
DCR	1.20	PMT:	133,000
int. rate	6.25%	LTV:	45%
B.			
CAP	5.50%	Loan:	\$ 2,466,545
LTV	85.00%	PMT:	253,785
		DCR:	63%
Lesser of A & B:			\$ 1,292,633

TOTAL LOAN AMOUNT:**\$ 4,208,635**

EXHIBIT D

FORM OF HOUSING LEASE

GROUND LEASE

By and Between

THE COUNTY OF SAN BERNARDINO

and

AMCAL LAS TERRAZAS FUND, L.P.

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GROUND LEASE

THIS GROUND LEASE (the "Lease") is entered into as of _____, 20__ by and between the County of San Bernardino, a political subdivision of the State of California (the "County"), and AMCAL Las Terrazas Fund, L.P., a California limited partnership (the "Lessee"), with reference to the following facts, purposes, and understandings.

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Article 1 of this Lease. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. The County owns approximately 5.92 acres of real property on the corner of Valley Boulevard and North Cypress, in unincorporated San Bernardino County, as more particularly described in the attached Exhibit A and incorporated herein (the "Property").

C. The Lessee and the County entered into that certain Land Disposition, Development and Loan Agreement dated as of February 14, 2017 (the "Disposition Agreement"), pursuant to which County agreed to lease the Property to Lessee and the Lessee agreed to develop the Property.

D. In accordance with the Disposition Agreement and this Lease, the Lessee shall develop and operate on the Property a one hundred twelve (112) unit, including one (1) manager's unit, multifamily rental housing development affordable to Extremely Low Income Households, Very Low Income Households and Low Income Households.

E. The County desires to lease the Property to the Lessee, and the Lessee desires to lease the Property from the County, for a term specified in this Lease.

WITH REFERENCE TO THE FACTS RECITED ABOVE, the County and the Lessee (collectively the "Parties") agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following terms shall have the following meanings in this Lease:

- (a) "Additional Rent" means any payments due pursuant to Section 4.5 or Section 5.5.
- (b) "AMCAL" means AMCAL Multi-Housing, Inc., a California corporation.

(c) "Approved Lenders" means all of the lenders providing the Approved Loans to the Lessee and their designees, nominees, successors and assigns.

(d) "Approved Loan Documents" means all documents executed by the Lessee evidencing or securing the Approved Loans.

(e) "Approved Loans" means the loans contained in the Financing Plan submitted to the County by the Lessee as required by the Disposition Agreement and approved by the County, obtained by the Lessee in connection with and secured by the Development and approved in writing by the County.

(f) "Authorized Officers" means, in the case of the County, its Executive Officer, and in the case of the Lessee, the president of AMCAL, the general partner of the Lessee, or such other individual as may be designated in writing by Lessee with proper authority to bind the Partnership. As of the date of this Lease, the President of AMCAL is Arjun Nagarkatti.

(g) "Commencement Date" means the date of the Closing as defined in the Disposition Agreement.

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

(i) "County Loan" means the loan in the amount of Six Million Six Hundred Thirty-Nine Thousand One Hundred Thirty-Seven Dollars (\$6,639,137) made from the County to the Lessee pursuant to the Disposition Agreement.

(j) "Day Care Improvement" means the interior portion of the building in the Development designated for use as a day care facility.

(k) "Development" means the Improvements and the Lessee's leasehold interest in the Property.

(l) "Development Documents" means all construction documentation prepared by the Lessee or on the Lessee's behalf and approved by the County pursuant to the Disposition Agreement.

(m) "Disposition Agreement" shall have the meaning given in Recital C. The Disposition Agreement is incorporated herein by this reference.

(n) "Event of Default" shall have the meaning specified in Section 10.1.

(o) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for extremely low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HUD.

(p) "Financing Plan" means the Financing Plan approved by the County pursuant to the provisions of the Disposition Agreement.

(q) "Foreclosure Transferee" means a transferee who acquires the Lessee's interest in this Lease and the Development through the exercise of remedies (such as foreclosure or a deed in lieu of foreclosure) pursuant to Approved Loan Documents.

(r) "Hazardous Materials" means any substance, material, or waste which is: (1) defined as a "hazardous waste", "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant" or any other terms comparable to the foregoing terms under any provision of California law or federal law; (2) petroleum; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) mold; (7) MTBE; or (8) determined by California, federal or local government authority to be capable of posing a risk of injury to health, safety or property. Without limiting the foregoing, Hazardous Materials means and includes any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any Hazardous Materials Laws including any federal, state or local environmental statute, regulation or ordinance presently in effect that may be promulgated in the future, as such as statutes, regulations and ordinances may be amended from time to time.

The term "Hazardous Materials" shall not include: (i) construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of commercial properties, buildings and grounds, or typically used in household activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health & Safety Coded Section 25249.8 et seq., which substances are commonly used by a significant portion of the population living within the region of the Improvements, including, but not limited to, alcoholic beverages, aspirin, tobacco products, Nutrasweet and saccharine, so long as such materials and substances are stored, used and disposed of in compliance with all applicable Hazardous Materials Laws.

(s) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(t) "Improvements" means the one hundred twelve (112) housing units and appurtenant improvements to be constructed on the Property by the Lessee, but excluding the Day Care Improvements.

(u) "Investor" means _____, or such other Investor as reasonably approved by the County.

(v) "Lease" means this Ground Lease.

(w) "Lease Term" means the term of this Lease, which shall commence on the Commencement Date and shall terminate fifty-seven (57) years after the Commencement Date.

(x) "Lease Year" means a period of twelve (12) full calendar months. The first Lease Year shall begin on the Commencement Date. Each succeeding Lease Year shall commence on the anniversary of the Commencement Date.

(y) "Lessee" means AMCAL Las Terrazas Fund, L.P., a California limited partnership, and its permitted successors and assigns.

(z) "Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for lower income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HUD.

(aa) "Management Plan" shall have the meaning specified in Section 4.14 of this Lease and Section 7.8 of the Disposition Agreement.

(bb) "Median Income" means the median gross yearly income, adjusted for actual household size as specified herein, in the County of San Bernardino, California as determined by the California Department of Housing and Community Development.

(cc) "Memorandum of Lease" means the memorandum of ground lease substantially in the form attached to the Disposition Agreement as Exhibit I.

(dd) "Official Records" means the Official Records of San Bernardino County, California.

(ee) "Other Households" means a household earning not greater than ninety percent (90%) of Median Income.

(ff) "Parties" means the County and the Lessee.

(gg) "Party" means any one of the County or Lessee.

(hh) "Preliminary Title Report" means that certain title report dated January 10, 2017 issued by Fidelity Title Company a copy of which is attached as Exhibit C.

(ii) "Property" means the property more particularly described in the attached Exhibit A.

(jj) "Regulatory Agreement" means that Regulatory Agreement and Declaration of Restrictive Covenants to be entered into by the County and the Lessee substantially in the form attached to the Disposition Agreement as Exhibit D.

(kk) "Rent" means the capitalized rent payment made to the County by the Lessee in the amount set forth in Section 2.5.

(ll) "Resident Services Budget" shall have the meaning specified in Section 4.15 of this Lease and Section 7.17 of the Disposition Agreement.

(mm) "Resident Services Plan" shall have the meaning specified in Section 4.15 of this Lease and Section 7.17 of the Disposition Agreement.

(nn) "Transfer" is defined in Section 8.1 of this Lease.

(oo) "Very Low Income Households" means a household whose income does not exceed the qualifying limits for a very low income household as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, adjusted for assumed household size.

Section 1.2 Exhibits.

The following exhibits are attached to and made part of this Lease:

Exhibit A	Legal Description of the Property
Exhibit B	Insurance Requirements
Exhibit C	Preliminary Title Report

ARTICLE 2. LEASE OF THE PROPERTY; PAYMENT OF RENT; OWNERSHIP OF IMPROVEMENTS

Section 2.1 Lease of the Property.

The County hereby leases the Property to the Lessee, and the Lessee hereby leases the Property from the County, pursuant to the terms of this Lease.

(a) The Parties shall cause the Memorandum of Lease to be recorded against the Property in the Official Records substantially in the form attached to the Disposition Agreement as Exhibit I.

(b) The closing costs associated with execution of this Lease and recordation of the Memorandum of Lease including, but not limited to recording charges, county documentary transfer tax, and conveyance taxes (if any) and the cost of the Lessee's title insurance policy shall be borne by the Lessee. Each Party shall bear its own attorneys' fees and costs.

Section 2.2 Use.

Subject to the provisions of this Lease, the Lessee shall use the Property for the redevelopment thereof and for the construction, development, maintenance, and operation of the Improvements and the Day Care Improvements on the Property, and all activities related thereto in accordance with the restrictions and requirements set forth in Article 4 hereof.

Section 2.3 Possession.

The County agrees to and shall provide possession of the Property to the Lessee immediately following the Commencement Date. To the best of the County's knowledge, the Property is subject only to the encumbrances listed in the Preliminary Title Report and such encumbrances approved by the Parties and recorded concurrently with the Memorandum of Lease. The County shall convey the Property to the Lessee in the physical condition set forth in the Disposition Agreement.

Section 2.4 Lease Term.

Unless earlier terminated pursuant to the provisions of this Lease, the Lease Term shall be for the period commencing on the Commencement Date and terminating at midnight (12:00 a.m.) on the day immediately preceding the fifty-seventh (57th) anniversary of the Commencement Date.

Section 2.5 Payment of Rent.

(a) The full ground rent ("Rent") due and owing from the Lessee to the County for the initial term of this Lease is Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000), which has been pre-paid in full concurrently with the execution of this Lease.

(b) Additional Rent due pursuant to Section 4.5 or 5.4 shall be due as provided therein.

Section 2.6 Leasing of Day Care Improvements.

(a) The Lessee agrees and acknowledges that it shall lease the Day Care Improvements to County of San Bernardino Preschool Services for an initial term of 20 years. The County and Lessee will enter in to a lease in a form mutually agreeable to the parties. Notwithstanding anything to the contrary, the leasing of the Day Care Improvements to any other party shall be subject to the requirements of Section 8.5 hereof.

(b) The rent due from the leasing of the Day Care Improvements shall be \$1 per year, and shall be due on the first day of the initial lease term.

(c) Lessee agrees and acknowledges that all rent generated from the Day Care Improvements will be considered operating income of the Development and shall be included in calculation of the repayment of the County Loan under Section 3.5 of the Disposition Agreement.

Section 2.7 Title to Improvements; Surrender Upon Termination.

The County hereby grants to the Lessee, without warranty (express or implied), any right, title, or interest that the County may have in the improvements located on the Property from time to time prior to the termination of this Lease. The Improvements on the Property during the Lease Term shall be and remain the property of the Lessee; however, the Lessee shall have no right to destroy, demolish or remove the Improvements except as specifically provided for in this

Lease or as otherwise approved in writing by the County. When the Lease Term expires, or when the Lease is otherwise terminated under the terms of this Lease the Lessee shall surrender the Property and deliver to the County the Property (including all Improvements thereon) and title to the Improvements shall revert to and vest in the County without cost to the County in their then-existing condition. It is the intent of the Parties that this Lease shall create a constructive notice of severance of the Improvements from the Property without the necessity of a deed from the County to the Lessee after the Improvements have been constructed. The Improvements, when built, shall be and remain real property and shall be owned in fee by the Lessee for the Lease Term. If requested by the County, the Lessee shall execute, at the end of the Lease Term, within ten (10) days of receipt of the County's written request, a confirmatory quitclaim deed of the Improvements to be recorded at the County's option and expense, and any other documents that may be reasonably required by the County or the County's title company to provide the County title to the Property and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the County, but otherwise in their "as-is" condition.

Section 2.8 Assignment of Lessee's Leasehold Interest; Transfer of the Development.

Subject the provisions of Article 8, the Lessee may not assign its interest in this Lease and sell or transfer the Development without the prior written consent of the County.

Section 2.9 Triple-Net Lease.

(a) This Lease is a triple-net lease, and Rent and other payments payable to or on behalf of the County shall: (a) be paid without notice or demand and without offset, counterclaim, abatement, suspension, deferment, deduction or defense; and (b) be an absolute net return to the County, free and clear of any expenses, charges or offsets whatsoever.

(b) The lease for the Day Care Improvements shall be a triple-net lease, and rent and other payments payable to or on behalf of the Lessee shall: (a) be paid without notice or demand and without offset, counterclaim, abatement, suspension, deferment, deduction or defense; and (b) be an absolute net return to the Lessee, free and clear of any expenses, charges or offsets whatsoever.

ARTICLE 3.
DEVELOPMENT OF IMPROVEMENTS

Section 3.1 Commencement of Construction.

The Lessee shall commence construction of the Improvements no later than the time specified in the Disposition Agreement (subject to extension as provided for therein).

Section 3.2 Completion of Construction.

The Lessee shall prosecute diligently to completion the construction of the Improvements, and shall complete construction by the time specified in the Disposition Agreement (subject to extension as provided for therein).

Section 3.3 Construction Pursuant to Permits and Disposition Agreement.

The Improvements shall be constructed in accordance with the Development Documents and the terms and conditions of the applicable land use permits and approvals and building permits.

Section 3.4 Equal Opportunity.

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

Section 3.5 Discharge of Liens.

The Lessee shall not create or permit or suffer to be created or to remain, and will discharge, any lien (including, but not limited to, the liens of mechanics, laborers, materialmen, suppliers or vendors for work or materials alleged to be done or furnished in connection with the Property and the Improvements thereon), encumbrances or other charge upon the Property and the Improvements thereon, or any part thereof, or upon the Lessee's leasehold interest therein. The Lessee shall have the right to contest in good faith and by appropriate legal proceedings the validity or amount of any mechanics', laborers', materialmen's, suppliers' or vendors' lien or claimed lien; provided that the Lessee shall utilize all reasonable means (including the posting of a surety bond in an amount 1 and 1/2 times the amount of such claim item) to protect the Property and any part thereof or the Improvements thereon against foreclosure, and shall indemnify and hold harmless the County from any adverse effects resulting from such lien.

Section 3.6 Protection of the County.

Nothing in this Lease shall be construed as constituting the consent of the County, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Property or the Improvements thereon, or any part thereof, by any contractor, subcontractor, laborer or materialman, nor as giving the Lessee or any other person any right, power or authority to act as agent of, or to contract for, or permit the rendering of any services or the furnishing of any materials in such manner as would give rise to the filing of mechanics' liens or other claims against the fee interest of the Property or the Improvements thereon. The County shall have the right at all reasonable times to post and keep posted on the Property any notices which the County may deem necessary for the protection of the County and of the Property and the Improvements thereon from mechanics' liens or other claims. In addition, the Lessee shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to the Lessee, or any of its respective contractors or subcontractors in connection with the Property and the Improvements thereon.

Section 3.7 Permits, Licenses and Easements.

Within ten (10) days after receipt of written request from the Lessee, the County shall (at no expense to the County) join in any and all applications (consistent with the Disposition

Agreement) for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work that the Lessee may do pursuant to this Lease or the operation of the Development, and shall also join in any grants of easements for public utilities useful or necessary to the proper construction of the Improvements or the operation of the Development.

Section 3.8 Compliance with Applicable Law.

The Lessee shall cause all work performed in connection with construction of the Development to be performed in compliance with (a) 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, and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental County now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental County having jurisdiction, and the Lessee shall be responsible to the County for the procurement and maintenance thereof, as may be required of the Lessee and all entities engaged in work on the Property.

Section 3.9 Construction Pursuant to Plans and Laws.

(a) To the extent required by law, in the construction of the Development, the Lessee 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, to the extent required by applicable law, the Lessee shall cause its respective contractors and subcontractors to do all the following: (i) all calls for bids, bidding materials and the construction contract documents for the Development must specify that (1) 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 (2) the Development is subject to compliance monitoring and enforcement by the DIR; (ii) the Lessee 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/>); (iii) the Lessee shall cause its respective contractors to post job site notices, as prescribed by regulation by the DIR; (iv) the Lessee 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. Lessee 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 Lessee, 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.

(b) The prime contractor shall be responsible for ensuring a weekly certified payroll submitted through LCP Tracker (as defined in the Disposition Agreement as 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.

(c) The Lessee shall indemnify, protect, hold harmless and defend (with counsel reasonably selected by the County) the County, its governing board members, officers, representatives, agents, assigns and employees 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 the Lessee, or its contractor or subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of Labor Code Sections 1720 et seq., to hire apprentices in accordance with Labor Code Sections 1777.5 et seq., and the implementing regulations of the DIR or comply with the other applicable provisions of Labor Code Sections 1720 et seq., and the implementing regulations of the DIR in connection with the initial construction of the Development or any other work undertaken or in connection with Development and the Property.

(d) For purposes of this Section, the "initial construction" of the Development shall mean the work required in order to construct such improvements and obtain the Certificate of Completion for the Development.

(e) The requirements in this Section survive the repayment of the County Loan, and the reconveyance of the Leasehold Deed of Trust and termination of this Lease.

Section 3.10 The Lessee to Furnish and Equip the Improvements.

(a) Upon completion of construction of the Improvements, the Lessee covenants and agrees to furnish and equip the Improvements with all fixtures, furnishings, equipment and other personal property (collectively, the "Personal Property") of a quantity as necessary to operate a first class affordable housing development in accordance with the standards set forth in this Lease and the Regulatory Agreement. The Lessee further agrees to take good care of such Personal Property, to keep the same in good order and condition ordinary wear and tear excepted, and promptly, at the Lessee's own cost and expense, to make all necessary repairs, replacements and renewals thereof. As used in this Lease, the term "Personal Property" includes all such replacements and renewals, and all fixtures, furnishings, equipment and other personal property of the Lessee located in, on or about the Property and the Improvements thereon. Any and all fixtures, furnishings, equipment and other personal property placed in, on or about the Property shall be the Personal Property of the Lessee during the Lease Term. Nothing in this Section 3.10 shall be read to require the Lessee to furnish individual units.

(b) Nothing in this Lease shall require the Lessee to furnish or equip the Day Care Improvements. The furnishing and equipping of the Day Care Improvements shall be the sole responsibility of the sublessee of the Day Care Improvements.

ARTICLE 4. USE AND MAINTENANCE OF THE IMPROVEMENTS

Section 4.1 Use of Development.

(a) During the Lease Term, the Lessee shall at all times use and operate the Development in accordance with this Lease, the Disposition Agreement, the Regulatory Agreement, and all requirements of the Approved Loan Documents. Any use of the Property for any other purpose other than the operation of the Improvements and the Day Care Improvements in accordance with the Regulatory Agreement or any proposed "Major Additional Improvements" to the Property shall be subject to the County's prior written approval, which may be granted or denied in the County's sole discretion. For the purposes of this Section 4.1 the term "Major Additional Improvements" means any of the following: (1) any new buildings, structures or outdoor facilities other than the Improvements and the Day Care Improvements to be located on the Property, (2) any substantial alterations, remodeling or rehabilitation of the Improvements, (3) construction of additional spaces or facilities, or (4) any other alteration, construction, remodeling or reconstruction on the Property with a cost in excess of One Hundred Thousand Dollars (\$100,000).

(b) During the Lease Term, the Lessee shall comply with all applicable and lawful statutes, rules, orders, ordinances, requirements, and regulations of the United States, the State of California, and any other governmental authority having jurisdiction over the Development; however, the Lessee may, in good faith and on reasonable grounds, dispute the applicability or the validity of any charge, complaint, or action taken pursuant to or under color of any statute, rule, order, ordinance, requirement, or regulation, defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. The Lessee agrees that any such contest shall be prosecuted to a final conclusion as promptly as reasonably possible.

(c) The Lessee shall:

(1) use the Development only to provide proper housing facilities and ancillary uses to tenants, and to maintain the character of the Development as required by this Lease, the Regulatory Agreement and any Approved Loan Documents for so long as such agreements remain in effect, and shall not use the Development for any disorderly or unlawful purpose;

(2) use reasonable efforts to prevent any residential tenant from committing or maintaining any nuisance or unlawful conduct on or about the Development;

(3) use reasonable efforts to prevent any residential tenant from violating any of the covenants and conditions of this Lease with respect to the Development;

(4) use reasonable efforts to abate any violation of this Lease by any residential tenant upon notice from the County;

(5) subject to any applicable laws of the State of California and the rights of residential tenants in the Development, permit the County and its agents to inspect the Development at any reasonable time upon reasonable prior notice during the Lease Term; and

(6) not commit or suffer to be committed any waste in, on or about the Property.

(d) Notwithstanding anything to the contrary herein, the Lessee shall have the right use the Day Care Improvements for day care related activities.

Section 4.2 Compliance with the Regulatory Agreement.

The Lessee hereby agrees that, for the term of the Lease and Regulatory Agreement, the Development will be used only for residential uses consistent with this Lease and the Regulatory Agreement and the Day Care Improvements shall be used solely for day care related activities in compliance with the Day Care Improvements lessee entered into pursuant to Section 2.6 above.

(a) Extremely Low Income Units.

(1) Not less than four (4) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households;

(2) Not less than six (6) two-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households; and

(3) Not less than two (2) one-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households.

(b) Very Low Income Units.

(1) Not less than sixteen (16) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households;

(2) Not less than thirty-one (31) two-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households; and

(3) Not less than twenty-six (26) one-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households.

(c) Low Income Units.

(1) Not less than twelve (12) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households; and

(2) Not less than fourteen (14) two-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households.

(d) Notwithstanding anything to the contrary the Lessee shall be allowed to rent the Day Care Improvements pursuant to Section 2.2(c) of the Disposition Agreement.

(e) Manager's Unit. One (1) three-bedroom unit shall be available for designation as the manager's unit.

Section 4.3 Maintenance of the Development.

(a) The Lessee agrees, for the entire Term of this Lease, to maintain all interior and exterior improvements, including landscaping, of the Development in first-class condition, repair and sanitary condition (and, as to landscaping, in a healthy condition) and in accordance with a Management Plan approved pursuant to Section 2.8 of the Disposition Agreement (including without limitation any landscape and signage plans), as the same may be amended from time to time, and all applicable laws, rules, ordinances, orders, and regulations of all federal, state, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials.

(b) The Lessee acknowledges the great emphasis the County places on quality maintenance to protect its investment and to provide quality low-income housing for area residents and to ensure that County-assisted affordable housing projects are not allowed to deteriorate due to deficient maintenance. In addition, the Lessee shall keep the Development free from all graffiti, and any accumulation of shopping carts, debris or waste material. The Lessee shall promptly make all repairs and replacements necessary to keep the Development in first-class condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable approved materials.

(c) In the event that the Lessee breaches any of the covenants contained in this Section 4.3 and such default continues for a period of ten (10) days after written notice from the County, with respect to graffiti, shopping carts, debris, waste material, and general maintenance, or thirty (30) days after written notice from the County, with respect to landscaping and building improvements, (and subject to any stricter requirements included in any applicable County ordinance) then the County, in addition to whatever other remedy it may have under this Lease, at law or in equity, shall have the right to enter upon the Development 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 shall be permitted (but is not required) to enter upon the Development and perform all acts and work necessary to protect, maintain and preserve the improvements and landscaped areas of the Property, and to attach a lien on the Lessee's interest in the Property, or to assess the Lessee's interest in 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. The Lessee shall promptly pay to the County, as applicable, the amount of the expenditure arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, including a fifteen percent (15%) administrative charge.

(d) Landscaping. The Lessee agrees to have common area landscape maintenance performed regularly, including replacement of dead or diseased plants with comparable plants. Lessee agrees to adequately water the landscaping on the Property. No improperly maintained common area landscaping on the Property shall be visible from public streets and/or rights of way.

(1) Yard Area. No yard areas on the Property shall be left unmaintained, including:

(A) broken or discarded furniture, appliances and other, household equipment stored in yard areas for a period exceeding one (1) week;

(B) shopping carts, packing boxes, lumber trash, dirt and other debris in areas visible from public property or neighboring properties; and

(C) vehicles parked or stored in other than approved parking areas.

(2) Building. No buildings located on the Property may be left in an unmaintained condition so that any of the following exist:

(A) violations of state law, uniform codes, or County ordinances;

(B) conditions that constitute an unsightly appearance that detracts from the aesthetics or value of the Property or constitutes a private or public nuisance;

(C) broken windows;

(D) graffiti (must be removed within forty-eight (48) hours);
and

(E) conditions constituting hazards and/or inviting trespassers, or malicious mischief.

(3) Sidewalks. The Lessee shall maintain, repair, and replace as necessary all public sidewalks adjacent to the Development.

Section 4.4 Utilities.

The Lessee shall be responsible for the cost of all utilities, including water, heat, gas, electricity, waste removal, sewers, and other utilities or services supplied to the Development (other than those payable directly by tenants of the Development), and the Lessee shall pay or cause said utility costs to be paid currently and as due.

Section 4.5 Taxes and Assessments.

(a) Payment of Taxes and Assessments. The Lessee shall, during the entire Lease Term, at its own cost and expense, pay the public officers charged with their collection, as the same become due and before any fine, penalty, interest, or other charge may be added to them for nonpayment, all real estate taxes, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied, or imposed upon, or due and payable in connection with, or which become a lien upon, the Property, the Improvements, or any part of the Property or Improvements, or upon the Lessee's leasehold interest in the Property pursuant to this Lease, as well as assessments for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which shall, during the Lease Term, be made, assessed, levied, or imposed upon or become due and payable in connection with, or a lien upon, the Property, the Improvements, or any part of the Property or Improvements, or upon the Lessee's leasehold interest in the Property pursuant to this Lease. The Lessee acknowledges that, pursuant to Revenue and Taxation Code Section 107.6,

the Lessee's leasehold interest in the Property created pursuant to this Lease may be subject to the payment of property taxes levied against the Lessee's leasehold interest and the Lessee shall be responsible for the payment of all such property taxes, if applicable. In the event the Improvements or any possessory interest with respect thereto, should at any time be subject to ad valorem taxes or privilege taxes levied, assessed or imposed on such property, the Lessee shall pay taxes upon the assessed value of the entire Property and the Improvements thereon and not merely upon the assessed value of its leasehold interest, as provided in California Health and Safety Code Section 33673.

(b) Payment of Fees. During the entire Lease Term, the Lessee shall pay, at its own cost and expense, before any fine, penalty, interest, or other charge may be added for nonpayment, all license and permit fees, charges for public utilities, and governmental charges relating to the use or occupancy of the Improvements.

(c) Copies of Notices to Lessee. The County shall promptly send to the Lessee copies of any and all notices received by it in respect to any taxes, assessments, charges, or fees for which the Lessee is liable pursuant to this Section 4.5.

(d) The County's Right to Cure. If the Lessee, in violation of the provisions of this Lease, shall fail to pay and to discharge any taxes, or any other fee, the County may (but shall not be obligated to) pay or discharge such taxes, and the amount paid by the County and the amount of all costs, expenses, interest and penalties connected therewith, including reasonable attorneys' fees, together with interest at the rate set forth in Section 2.6(c) shall be deemed to be and shall, upon demand of the County, be payable by the Lessee as repayment of such advance by the County.

Section 4.6 Assistance in Making Payments.

The parties acknowledge that Lessee is responsible under this Lease for making various payments to third parties, such as tax and utility payments in accordance with the provisions of this Article 4. In case any person or entity to whom any sum is directly payable by the Lessee under any of the provisions of this Lease (e.g., a tax collector or utility company) shall refuse to accept payment of such sum from the Lessee (due to the fact that the Lessee is not the fee owner of the Property or for any other reason), the Lessee shall thereupon give written notice of such fact to the County and shall pay such sum directly to County at the address specified in Section 11.2 hereof, and County shall thereupon pay such sum to such person or entity.

Section 4.7 Hazardous Materials.

(a) Covenants and Agreements. The Lessee hereby covenants and agrees that:

(1) The Lessee shall not knowingly permit the Development or the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property or the Development in violation of any applicable law;

(2) The Lessee shall keep and maintain the Property and the Development and each portion thereof in compliance with, and shall not cause or permit the Property and the Development or any portion thereof to be in violation of, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same the Lessee shall immediately advise the County in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Lessee or the Development pursuant to any applicable Hazardous Materials Laws; (ii) any and all claims made or threatened by any third party against the Lessee or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (i) and this clause (ii) are hereinafter referred to as "Hazardous Materials Claims"); (iii) the presence of any Hazardous Materials in, on or under the Property or the Development in such quantities which require reporting to a government County; or (iv) the Lessee's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development classified as "borderzone property" under the provisions 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 Development under any Hazardous Materials Laws. If the County reasonably determines that the Lessee is not adequately responding to a Hazardous Materials Claim, the County shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Lessee.

(4) Without the County's prior written consent, which shall not be unreasonably withheld or delayed, the Lessee shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 6.4, the Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, its board members and councilmember's, officers, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of:

(1) the failure of the Lessee or any other person or entity, during the Lease Term, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Development;

(2) the presence in, on or under the Property or the Development of any Hazardous Materials or any releases or discharges during the Lease Term of any Hazardous Materials into, on, under or from the Property or the Development; or

(3) any activity carried on or undertaken on or off the Property or the Development, during the Lease Term, and whether by the Lessee or any employees, agents, contractors or subcontractors of the Lessee, or any third persons occupying or present on the Property or the Development, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials located or present on or under the Development (collectively "Indemnification Claims").

The foregoing indemnity shall further apply to any residual contamination on or under the Property or the Development, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the Indemnification Claims and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws; provided, however, the foregoing indemnity shall not apply to any Indemnification Claims arising directly or indirectly, in whole or in part, from the County's gross negligence or willful misconduct. This obligation to indemnify, set forth in this Section 4.7(b) shall survive termination of this Lease.

(c) No Limitation. The Lessee hereby acknowledges and agrees that the Lessee's duties, obligations and liabilities under this Lease, including, without limitation, under subsection (b) above, are in no way limited or otherwise affected by any information the County may have concerning the Development and/or the presence within the Development of any Hazardous Materials, whether the County obtained such information from the Lessee or from its own investigations.

(d) Environmental Work. The Lessee shall be responsible for performing the work of any investigation and remediation that may be required by applicable law on the Property in order to develop the Development. The determination as to whether any such remediation is needed, and as to the scope and methodology thereof, shall be made by mutual agreement of the governmental County with responsibility for monitoring such remediation and the County and the Lessee. The Lessee shall notify the County promptly upon discovery of any actionable levels of Hazardous Materials, and upon any release thereof, and shall consult with the County in order to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. The Lessee shall comply with, and shall cause its agents and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal and remediation of Hazardous Substances. The investigation and remediation work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this Lease.

Section 4.8 Nondiscrimination.

The Lessee shall not, in the selection or approval of tenants or provision of services or in any other matter relating to the development and operation of the Development, discriminate

against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, age, source of income, or disability.

Section 4.9 Management Responsibilities.

The Lessee is responsible for all management functions with respect to the Development, including without limitation the selection of residents, 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 shall have no responsibility over management of the Development. The Lessee shall retain a professional property management company, approved by the County in its reasonable discretion, to perform its management duties hereunder. A resident manager shall also be required. At least six (6) months prior to completion of construction of the Development, and annually thereafter, Lessee shall submit a proposed Management Plan to the County for approval by the County. The County shall approve or disapprove (with written explanation for disapproval) of the proposed management plan by notifying the Lessee in writing within fifteen (15) business days of the date of submission to the County.

Section 4.10 Management Agent; Periodic Reports.

The Development shall at all times be managed by an experienced management agent reasonably acceptable to the County, with demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). The Lessee shall submit for the County's approval the identity of any proposed Management Agent and on-site resident manager. The Lessee shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent and on-site resident manager as is reasonably necessary for the County to determine whether the proposed Management Agent or on-site resident manager meets the standard for a qualified Management Agent or on-site resident manager set forth above. If the proposed Management Agent or on-site resident manager meets the standard for a qualified Management Agent or on-site resident manager set forth above, the County shall approve the proposed Management Agent or on-site resident manager by notifying the Lessee in writing. Unless the proposed Management Agent or on-site resident manager is disapproved by the County within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. The County hereby approves FPI Management, Inc., as the initial Manager Agent.

Section 4.11 Performance Review.

The County reserves the right to conduct an annual (or more frequently, if deemed reasonably 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 Lease. The Lessee shall cooperate with the County in such reviews.

Section 4.12 Books, Records and Reports.

For purposes of such periodic reviews, the Lessee and the Management Agent shall make available to the County for inspection all books and records with respect to the Development. In addition, the Lessee shall provide the County with: (1) by not later than thirty (30) days prior to commencement of each Fiscal Year, the annual budget for the upcoming calendar; (2) within ninety (90) days following the end of each Fiscal Year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding calendar year and the status of all reserve funds; and (3) within one hundred twenty (120) days following the end of each Fiscal Year, a copy of the Lessee's federal income tax filings for the calendar year.

Section 4.13 Replacement of Management Agent or On-Site Resident Manager.

(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 of the requirements and standards of this Agreement or the Regulatory Agreement, the County shall deliver notice to the Developer of such operational issues which notice shall describe the management deficiencies with specificity along with the actions the County deems necessary to cure said deficiencies along with a period in which the deficiencies shall be cured. Within thirty (30) days of receipt by the Lessee of such written notice, County staff and the Lessee 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.

(b) If, after such meeting, County staff recommends in writing the replacement of the Management Agent, with the reasonable concurrence of the partners of the Partnership and the Senior Lender, the Lessee shall promptly dismiss the then Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in Section 4.10 above and reasonably approved by the County pursuant to Section 4.10 above.

(c) Any contract for the operation or management of the Development entered into by the Lessee shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute a Lessee Event of Default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 10.1(b) below.

Section 4.14 Approval of Management Plan.

The Lessee shall submit to the County an initial proposed Management Plan no later than six (6) months after the commencement of construction of the Development pursuant to the Schedule of Performance as set forth in Section 4.3 of the Disposition Agreement. Each year, within sixty (60) days of the end of the Lessee's Fiscal Year, the Lessee shall submit to the County any proposed changes to the Management Plan. The County shall approve or disapprove the proposed changes to the Management Plan in writing within fifteen (15) calendar days following the County's receipt of the request to amend Management Plan, which approval shall not be unreasonably denied. If the proposed change to the Management Plan is disapproved by the County, the County shall deliver a written notice to the Lessee setting forth, in reasonable detail, the reasons for such disapproval. The Lessee shall have fifteen (15) calendar days following the receipt of such notice to submit a revised Management Plan modification in any

way necessary to ensure that such policies comply with the provisions of this Lease. The County's approval of the amendments to the Management Plan shall not be unreasonably withheld.

Section 4.15 Resident Services Plan and Resident Services Budget.

Lessee hereby agrees to hire and employ a resident services coordinator at least one (1) month prior to completion of the Improvements pursuant to Section 4.4 of the Disposition Agreement. The Lessee shall submit to the County an initial proposed Resident Services Plan and Resident Services Budget no later than six (6) months after the commencement of construction of the Development pursuant to the Schedule of Performance as set forth in Section 4.3 of the Disposition Agreement. Each year, within sixty (60) days of the end of the Lessee's Fiscal Year, the Lessee shall furnish to the County a draft Resident Services Plan and Resident Services Budget. Upon receipt by the County of the proposed Resident Services Plan and Resident Services Budget, the County shall promptly review same and approve or disapprove the Resident Services Plan and the Resident Services Budget within ten (10) working days. If the Resident Services Plan or Resident Services Budget are not approved by the County, the County shall set forth in writing and notify the Lessee of the County's reasons for withholding such approval, which may include a request by the County for a change in the nature or scope of resident services or a change in service provider. The Lessee shall thereafter submit a revised Resident Services Plan and Resident Services Budget for County approval, which approval shall be granted or denied within five (5) working days in accordance with the procedures set forth above.

Section 4.16 Public Safety.

(a) The Lessee acknowledges that the County places a prime importance on the security of County assisted projects and the safety of the residents and surrounding community. The Lessee agrees to implement and maintain throughout the Term the following security measures in the Development:

(1) to the extent feasible employ defensible space design principles and crime prevention measures in the operation of the Development including but not limited to maintaining adequate lighting in parking areas and pathways;

(2) use its best efforts to work with the County Sherriff Department to implement and operate an effective neighborhood watch program; and

(3) provide added security including dead-bolt locks for every entry door, and where entry doors are damaged, replace them with solid-core doors.

(b) The County shall have the right to enter on the Property and/or contact the County Sherriff Department if it becomes aware of or is notified of any conditions that pose a danger to the peace, health, welfare or safety of the Residents and/or the surrounding community, and to perform or cause to be performed such acts as are necessary to correct the condition.

ARTICLE 5.
APPROVED LOANS

Section 5.1 Loan Obligations.

Nothing contained in this Lease shall relieve the Lessee of its obligations and responsibilities under any Approved Loans to operate the Development as set forth in the applicable Approved Loan Documents.

Section 5.2 Liens and Encumbrances Against Lessee's Interest in the Leasehold Estate.

(a) Lessee shall have the right to encumber the leasehold estate created by this Lease and the Improvements with the lien or liens securing one or more Approved Loans, subject to the County's review and prior approval of the Approved Loan Documents which approval shall not be unreasonably withheld or conditioned. Within fifteen (15) days following receipt of the proposed Approved Loan Documents along with Lessee's written notice requesting approval of such documents, the County shall review and either approve or disapprove the Approved Loan Documents.

(b) The Lessee shall not have the right to encumber the County's fee interest in the Property and the reversionary interest in the Improvements with a lien of an Approved Loan or any Loan.

(c) For as long as there is any lien securing any Approved Loans:

(1) The County shall not agree to any mutual termination or accept any surrender of this Lease, nor shall the County consent to any amendment or modification of this Lease, without prior written consent of all Approved Lenders that have an outstanding Approved Loan.

(2) Notwithstanding any default by the Lessee under this Lease, the County shall have no right to terminate this Lease unless the County has given all Approved Lenders which have an outstanding Approved Loan and the Investor written notice of such default pursuant to the requirement of Sections 5.2(c)(vii) and 11.2 and the Investor and/or such Approved Lenders have failed to remedy such default or acquire the Lessee's leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by this subsection 5.2(c), as applicable. If the County receives competing or conflicting offers to cure any default, then the County shall accept the offers to cure in the following order: first, the Lessee, then each Approved Lender in the relative priority of their respective deeds of trust, and then the Investor. Notwithstanding the foregoing, an Approved Lender shall not be required to obtain possession or commence or continue foreclosure proceedings as a prerequisite to curing a default by the Lessee.

(3) Any Approved Lender which has an outstanding Approved Loan or the Investor shall have the right, but not the obligation, at any time to pay any or all of the Rent due pursuant to the terms of this Lease, and do any other act or thing required of the Lessee by the terms of this Lease, to prevent termination of this Lease. Each Approved Lender and the

Investor shall have thirty (30) days after receipt of notice from the County describing the default to cure monetary defaults and nonmonetary defaults (the "Lender Cure Period"). All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by the Lessee instead of by the Approved Lender(s) or the Investor and the costs thereof may be added to the security interest and the lien securing the Approved Loans(s) thereof.

(4) In addition to the cure period provided in paragraph (ii) above, if the default is such that possession of the Development may be reasonably necessary to remedy the default, any Approved Lender which has an outstanding Approved Loan shall have a reasonable time after the expiration of the Lender Cure Period within which to remedy such default, provided that:

(A) such Approved Lender has fully cured any default in the payment of any monetary obligations of the Lessee under this Lease within the Lender Cure Period and shall continue to pay currently such monetary obligations when the same are due;

(B) such Approved Lender has acquired the Lessee's leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same; and

(C) after gaining possession of the Development, the Approved Lender has cured all non-monetary defaults capable of cure by the Approved Lender and performed all obligations of the Lessee capable of performance by the Approved Lender when the obligations are due.

(5) Any default under this Lease which by its nature cannot be remedied by any Approved Lender shall be deemed to be remedied if:

(A) within thirty (30) days after receiving written notice from the County describing the default, or prior thereto, any Approved Lender has acquired the Lessee's leasehold estate or commenced foreclosure or other appropriate proceedings;

(B) the Approved Lender diligently prosecutes any such proceedings to completion;

(C) the Approved Lender has fully cured any default in the payment of any monetary obligations of Lessee hereunder which does not require possession of the Development; and

(D) after gaining possession of the Development, the Approved Lender performs all other obligations of Lessee hereunder capable of performance by the Approved Lender when the obligations are due.

(6) If Approved Lenders are prohibited, stayed, or enjoined by any bankruptcy, insolvency, or other judicial proceedings involving the Lessee from commencing or prosecuting foreclosure or other appropriate proceedings, then the times specified for commencing or prosecuting such foreclosure or other proceedings shall be extended for the

period of such prohibition, so long as the Approved Lender claiming the extension has fully cured any default in the payment of any monetary obligations of Lessee under this Lease, continues to pay currently such monetary obligations when the same fall due, and does not interfere with the County's efforts to seek compliance by the Lessee with any non-monetary obligation under this Lease.

(7) The County shall mail or deliver to any Approved Lenders which have any outstanding Approved Loan and the Investor a duplicate copy of all notices which the County may from time to time give to the Lessee pursuant to this Lease. All notices delivered by the County to any Approved Lenders or the Investor shall also comply with the notice provisions of Section 11.2.

(8) The conveyance of the Lessee's interest in the Development to a Foreclosure Transferee by means of a foreclosure or a deed in lieu of foreclosure shall not be subject to the County's prior consent. In the event Foreclosure Transferee becomes the Lessee under this Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease obtained under subsection (ix) below, the County shall recognize the Foreclosure Transferee and the Foreclosure Transferee shall be personally liable under this Lease or such new lease only for the period of time that the Foreclosure Transferee remains the lessee. Nothing in this section obligates any Foreclosure Transferee to remedy any default of the Lessee, and any failure of any Approved Lender to complete any such cure after commencing the same shall not give rise to any liability of the Approved Lender to the County.

(9) If any Foreclosure Transferee shall acquire the Lessee's interest in the Development, such Foreclosure Transferee shall thereafter have the right to assign or transfer such interest in the Development to an assignee, subject to the consent provisions of Article 8 below. The Foreclosure Transferee shall be released and relieved of any liability under this Lease for acts occurring after the assignment and under any other document entered into in connection herewith upon assignment of all of the Foreclosure Transferee's interest in the Development.

(10) If a Foreclosure Transferee becomes the legal owner of the leasehold estate, and upon written request by the Foreclosure Transferee or its permitted transferee within sixty (60) days after becoming the legal owner of the leasehold estate, the County shall enter into a new lease of the Property with the Foreclosure Transferee or its permitted transferee for the remainder of the Lease Term with the same agreements, covenants, reversionary interests, and conditions (except for any requirements which have been fulfilled by the Lessee prior to termination) as are contained in this Lease and with priority equal to this Lease, so long as the Foreclosure Transferee or its permitted transferee promptly cures any existing defaults by the Lessee susceptible to cure by the Foreclosure Transferee or its permitted transferee.

(11) If this Lease is terminated by a bankruptcy proceeding, foreclosure, or by other operation of law, then the County shall, upon request by an Approved Lender or its permitted transferee, execute a new lease of the Property to the Approved Lender or other transferee, as the case may be, on the same terms and conditions as this Lease, except that the term will commence on the date of the new lease and will continue for the remaining

unexpired term of this Lease. If the County receives conflicting requests for a new lease of the Property, then the County shall execute a new lease of the Property with the requesting Approved Lender having the most senior deed of trust.

(12) The County shall cooperate in including in this Lease by suitable amendment from time to time any provision which may reasonably be requested by any proposed leasehold mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Lease and allowing such leasehold mortgagee reasonable means to protect or preserve the lien of the leasehold mortgage and the value of its security. The County shall execute and deliver (and acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment, so long as such amendment does not in any way affect the Lease Term or Rent under this Lease or otherwise in any material respect adversely affect any rights of the County under this Lease.

Section 5.3 Cost of Approved Loans to be Paid by Lessee.

The Lessee shall bear all of the costs and expenses in connection with (a) the preparation and securing of the Approved Loans, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with the Approved Loans.

Section 5.4 Proceeds of Approved Loans.

All Approved Loan proceeds shall be paid to and become the property of the Lessee, and the County shall have no right to receive any such Approved Loan proceeds.

Section 5.5 Notice and Right to Cure Defaults Under Approved Loans.

Lessee shall include in all Approved Loan Documents that, in the event of default by the Lessee under an Approved Loan, notice shall be given to the County at the same time given to the Lessee, and the County shall have the right, but not the obligation, to cure the default with a cure period which extends not less than ninety (90) days beyond the cure period provided to the Lessee under the applicable Approved Loan Document. Any payments made by the County to cure a default shall be treated as Additional Rent due from the Lessee, which shall be paid within thirty (30) days of the date on which the payment was made by the County.

Section 5.6 Modifications.

If an Approved Lender should, as a condition of providing financing for development of all or a portion of the Development, request any modification of this Lease in order to protect its interests in the Development or this Lease, the County shall consider such request in good faith consistent with the purpose and intent of this Lease and the rights and obligations of the Parties under this Lease.

Section 5.7 Estoppel Certificates.

The County and the Lessee agree that at any time and from time to time upon not less than twenty (20) days prior written notice by the other party, or upon request from the Investor or

any Approved Lender or a permitted assignee or other interested party, the County or the Lessee will execute, acknowledge and deliver to the other party or to such other parties a statement in writing certifying (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rent has been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against the County or the Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of the County, the Lessee or any Approved Lender or the Investor, as the case may be, in this Lease or by any assignee of any Approved Lender.

ARTICLE 6. INSURANCE

Section 6.1 Required Insurance Coverage.

The Lessee shall furnish to the County the type and amounts of insurance specified in Exhibit B. The County shall be named as an additional insured on the policies specified in Exhibit B. The Lessee shall insure that all workers' compensation insurance policies carried by the general contractor and subcontractors working on the Development include a waiver of subrogation in favor of the County.

Section 6.2 Insurance Policies and Premiums.

All liability policies required by this Lease or any Approved Loan Document shall comply with the requirements set forth in Exhibit B.

(a) Insurance shall be placed with insurers with a current Best Rating of no less than A:VII. Any deductible or self-insured retention shall be disclosed to and approved by the County.

(b) The Lessee shall furnish the County with certificates and original endorsements effecting the required coverage promptly upon request. The endorsements shall be signed by persons authorized by the insurer to bind coverage on its behalf. The endorsements shall be on forms provided by the County or as approved by the County. If the Lessee does not keep all required insurance policies in full force and effect, then the County may, in addition to other remedies under this Lease, and upon not less than fifteen (15) days prior written notice and the failure of the Lessee to obtain such insurance within such fifteen (15) day period, take out the necessary insurance, and the Lessee shall pay the cost of such insurance.

(c) Promptly upon the County's request from time to time during the Lease Term, the Lessee shall increase the amount of the insurance policies, or otherwise modify such policies set forth in Exhibit B, so long as sufficient funds are reasonably available to pay for such increases.

Section 6.3 Proceeds of Insurance.

For so long as any Approved Loan on the Development is outstanding or as required under Section 7.2 below, the disposition of all commercial property insurance (including builder's risk) proceeds shall be governed by the Approved Loan Documents. If the Improvements are not repaired or rebuilt, all such proceeds shall be applied in a manner consistent with the terms of the Approved Loans, with any conflicts resolved in accordance with the relative priority of their respective deeds of trust.

If the Lessee fails to agree in writing within thirty (30) days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible and the Improvements as so restored will be economically viable, then within an additional sixty (60) days, Lessee shall commence to demolish and clear the Property of the Improvements, unless otherwise directed by the County, and this Lease shall terminate at the option of the County upon the completion of the clearance of the Property by the Lessee.

Section 6.4 Indemnification.

The Lessee agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, its board members, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Lessee's performance or non-performance under this Lease, or any other agreement executed pursuant to this Lease, or arising out of acts or omissions of any of Lessee's contractors, subcontractors, or persons claiming under any of the aforesaid, except as directly caused by the County's willful misconduct or gross negligence. The provisions of this section shall survive expiration of the Lease Term or other termination of this Lease, and shall remain in full force and effect.

ARTICLE 7.

CONDEMNATION, DAMAGE OR DESTRUCTION OF THE IMPROVEMENTS

Section 7.1 Condemnation.

If the Improvements or the Property or any part thereof is taken or condemned, for any public or quasi-public purpose or use by any competent entity in appropriate proceedings, or by any right of eminent domain, then the County and Lessee shall request that awards and other payments on account of a taking of the Improvements and the Property (less costs, fees and expenses incurred by the County and Lessee in connection with the collection thereof) be divided by the presiding court between loss of value of the fee interest in the Property and loss of value of the Improvements and the leasehold interest in the Property. In any case, subject to the rights of Approved Lenders under the Approved Loan Documents (with any conflicts resolved in accordance with the relative priority of their respective deeds of trust), such awards and payments shall be applied as follows:

(a) Net awards and payments received on account of a partial taking of the Improvements, other than a taking for a temporary use not exceeding one (1) year, shall be allocated and paid in the following order of priority:

(1) If the Lessee reasonably believes restoration is economically feasible, and unless the Approved Lenders under the Approved Loan Documents require that the proceeds be applied to the outstanding indebtedness under the Approved Loans, first, to pay the cost of restoration of the Improvements, provided that the extent of the Lessee's obligations to restore the Improvements shall be limited to the amount of the net award and payment received by and available to Lessee on account of the taking. In such event, the condemnation proceeds shall be paid into the Construction Fund described in Section 7.2 below, subject to the rights of Approved Lenders to collect and disburse such funds.

(2) Second (or first if (i) the Lessee does not believe that restoration is economically feasible or viable as described above, or (ii) the Approved Lender(s) under the Approved Loan Documents require(s) that such proceeds be applied to the outstanding indebtedness under the Approved Loan(s)) to any Approved Lenders (in the order of their respective lien priority, if there is more than one Approved Lender) in an amount necessary to reduce the outstanding indebtedness under the approved Loan(s) to the extent required by the Approved Lender(s).

(3) The balance, if any, shall be divided between the County and the Lessee in the manner specified in subparagraph (e) below.

(b) Net awards and payments received on account of a partial or total taking of only the County's fee interest in the Property or the reversionary interest in the Improvements (that is, a taking of the County's fee interest in the Property or the County's reversionary interest in the Improvements that has no effect on the value of the Lessee's leasehold interest in the Property or the Lessee's fee interest in the Improvements), including severance damages, shall be paid to the County which amount shall be free and clear of any claims of the Lessee, or any other persons claiming rights to the Property through or under the Lessee.

(c) Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period during the Lease Term shall be paid to the Lessee; however, if such taking for temporary use has resulted in any damage to or destruction of the Development, then such net awards and payments shall be first applied to pay the cost of restoration if the Lessee determines that restoration is economically feasible. Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period beyond the Lease Term shall be paid to the County.

(d) Net awards and payments received on account of a total taking of the Development shall be allocated and paid in the following order of priority:

(1) First, to any Approved Lenders with then-outstanding Approved Loans secured by the Development (in the order of their respective lien priority, if there is more than one Approved Lender), an amount equal to the unpaid balance secured by their respective Approved Loans up to the total amount of such awards and payments;

(2) The balance, if any, shall be divided between the County and the Lessee in the manner specified in subparagraph (e) below.

(e) For purposes of subsections (a)(iii) and (d)(ii) above, proceeds shall be paid in the following manner: first, the Lessee shall receive reimbursement for any funds it has reasonably expended for repair and/or reconstruction of the Development (other than funds received from Approved Lenders). Second, the balance, if any, shall be paid to the Lessee and the County *pari passu*. The Lessee shall receive the portion of the payment attributable to the Improvements, Lessee's leasehold interest, and Lessee's trade fixtures and personal property. The County shall receive the portion of the payment attributable to the County's fee interest in the Property and the County's reversionary interest in the Improvements.

(f) The Lessee shall receive any award granted for or allocated to trade fixtures, moving expenses or loss of business.

Section 7.2 Administration of Construction Fund in the Event of Condemnation, or Damage or Destruction of Development.

If the Approved Loans have been paid in full or as otherwise required under Section 6.3 above, and if the Improvements, or any part of it, is to be repaired or reconstructed after damage or destruction or condemnation, then all proceeds collected under any and all policies of insurance referred to in Article 6 above covering such damage or destruction, or all compensation received for such taking by the exercise of the power of eminent domain, shall be paid into a special trust fund to be created and held by the Lessee during such repairing or reconstructing (the "Construction Fund"). Any surplus of such insurance or condemnation proceeds remaining in the Construction Fund after the completion of all payments for such repairing or reconstructing shall be held or applied by the Lessee in a manner consistent with the applicable provision of this Article 7.

Section 7.3 Lessee, County, Approved Lenders to be Made Parties in Legal Proceedings.

(a) In the event proceedings shall be instituted (i) for the exercise of the power of eminent domain, or (ii) as a result of any damage to or destruction of the Development, the resulting proceeds shall be paid to the Approved Lenders for application or disbursement in accordance with the Approved Loan Documents (in the order of their respective lien priority, if there is more than one such Approved Lender). The Lessee, County, and, as necessary, any Approved Lender with a then-outstanding Approved Loan shall be made parties to those proceedings, and if not made parties by the petitioning party, shall be brought into the proceedings by appropriate proceedings of the other parties so that adjudication may be made of the damages, if any, to be paid to the Lessee, the County and Approved Lenders as compensation for loss of their rights in the Improvements or the Property, or for damage to or destruction of the Development. Should the County or Lessee receive notice of institution of any proceedings subject to Section 7.1, the Party receiving such notice shall notify the other Party not later than thirty (30) days after receiving such notice.

(b) The County and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration, or adjustment of any and all claims and demands for damages on account of damage to, or destruction of, the Development, or for damages on account of the taking or condemnation of the Improvements or the Property.

Section 7.4 Termination.

In the event of a total taking or in the event of damage, destruction, or a partial taking, other than a temporary taking of the Development, which the Lessee reasonably determines renders continued operation of the Development infeasible both as a whole and in substantial part, this Lease shall terminate at the option of the County (except if the Lessee is rebuilding the Development in accordance with the terms of this Lease), and in such event any proceeds shall be allocated pursuant to Section 6.3 or Article 7, as appropriate. In the event of a partial taking that does not result in termination pursuant to this Section 7.4, this Lease shall remain in full force and effect as to the portion of the Development remaining.

ARTICLE 8. ASSIGNMENT AND TRANSFERS

Section 8.1 Definitions.

As used in this Article 8, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Lease or of the Property or any part thereof or any interest therein or of the Development constructed thereon, or any contract or agreement to do any of the same; or

(b) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in the Lessee, or any contract or agreement to do any of the same.

Section 8.2 Purpose of Restrictions on Transfer.

This Lease is entered into solely for the purpose of development and operation of the Development on the Property and its subsequent use in accordance with the terms of this Lease. The qualifications and identity of the Lessee are of particular concern to the County, in view of:

(a) The importance of the redevelopment of the Property to the general welfare of the community; and

(b) The fact that a Transfer as defined in Section 8.1 above is for practical purposes a transfer or disposition of the Property.

It is because of the qualifications and identity of the Lessee that the County is entering into this Lease with the Lessee and that Transfers are permitted only as provided in this Lease.

Section 8.3 Prohibited Transfers.

The limitations on Transfers set forth in this Section 8.3 shall apply for the Lease Term. Except as expressly permitted in this Lease, the Lessee represents and agrees that the Lessee has not made or created, and will not make or create or suffer to be made or created, any Transfer,

either voluntarily or by operation of law, without the prior approval of the County. The County may approve any such Transfer in its sole discretion. The Parties agree and acknowledge that an AMCAL Affiliate shall remain the managing general partner of the Lessee throughout the Lease Term. Any Transfer made in contravention of this Section 8.3 shall be void and shall be deemed to be a default under this Lease, whether or not the Lessee knew of or participated in such Transfer.

Section 8.4 Permitted Transfers.

Notwithstanding the provisions of Section 8.3, the following Transfers shall be permitted without the prior written consent of the County (subject to satisfaction of the conditions of Section 8.5):

- (a) Any Transfer creating an Approved Loan;
- (b) Any Transfer directly resulting from the foreclosure of an Approved Loan or the granting of a deed in lieu of foreclosure of an Approved Loan;
- (c) The leasing of residential units within the Development in accordance with the Regulatory Agreement;
- (d) The leasing and subleasing of the Day Care Improvements pursuant to Section 2.6(a);
- (e) A transfer of any partnership interest in Lessor to any affiliate of AMCAL;
- (f) The granting of easements, licenses, or permits to facilitate the development of the Property;
- (g) The County hereby approves a Transfer of a limited partnership interest in the Lessee to the Investor, or to an affiliate of the Investor (provided such affiliate provides documentation reasonably acceptable to the County that the affiliate has sufficient financial capability to provide the capital contributions set forth in the Financing Plan) and future transfers of such interest provided that:
 - (1) the Lessee's partnership agreement provides for capital contributions of the limited partners consistent with Financing Plan and is first approved by the County in its reasonable discretion;
 - (2) all documents associated with the tax credit syndication of the Development are submitted to the County for approval prior to execution, which approval shall not be unreasonably withheld; and
 - (3) in subsequent transfers the Investor (or an affiliate of the Investor reasonably acceptable to the County) remains liable for all unpaid capital contributions.

The Parties agree and acknowledge that an AMCAL Affiliate shall remain the administrative general partner of the Lessee throughout the Lease Term. In the event the general

partner of the Lessee is removed by the limited partner of the Lessee for cause following default under the Lessee's partnership agreement, the County hereby approves the transfer of the general partner interest to an entity that is selected by the Investor and approved in advance and in writing by the County, which approval shall not be unreasonably withheld.

Section 8.5 Procedure for Approval of Certain Transfers.

Except as otherwise permitted pursuant to Section 8.4 above, the County shall in its sole discretion approve or disapprove a request for a Transfer made by the Lessee upon the Lessee's delivery of written notice to the County requesting such approval. Such notice shall be accompanied by evidence regarding the proposed Transfer in reasonably sufficient detail to enable the County to evaluate the proposed Transfer, including, without limitation, transferee financial statements, information regarding prior transferee experience, and information regarding transferee's proposed use and/or development of the Property. Within thirty (30) days after receipt of the Lessee's written notice requesting County approval of a proposed Transfer, the County shall either reasonably approve or disapprove such proposed Transfer, or shall respond in writing by stating what further information, if any, the County reasonably requires in order to determine whether or not to grant the requested approval. Upon receipt of such a response, the Lessee shall promptly furnish to the County such further information as may be reasonably requested. Within ten (10) days after the County's receipt of the Lessee's submittal of the requested further information, the County shall either reasonably approve or disapprove such proposed Transfer. The County's failure to respond within such ten (10) day period to any such request for approval shall be deemed to be the County's approval thereof.

Upon the County granting approval of such proposed Transfer, the person or entity to which such Transfer is made, by an instrument in writing prepared by the County and in form recordable among the land records of the County of San Bernardino, shall expressly assume the obligations of the Lessee under this Lease and agree to be subject to the conditions and restrictions to which the Lessee is subject arising during this Lease, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Development conveyed in such Transfer.

Section 8.6 Assignments.

Any assignment of rights and/or delegation of obligations under this Lease in connection with a Transfer (whether or not County approval is required) shall be in writing executed by the Lessee and the assignee or transferee, with a copy thereof delivered to the County within thirty (30) days after the effective date thereof. Upon assignment or transfer of the Development pursuant to an assumption agreement described in Section 8.5 above, the assignor shall be relieved of liability with respect to any such obligations relating to the Development assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes the obligations under this Lease with respect to the Development, the assignor will retain such obligations and remain jointly and severally liable for such obligations with such assignee. In the absence of specific written agreement by the County (which the County may grant or withhold in its sole discretion), no Transfer permitted by this Lease or approved by the County shall be deemed to relieve the transferor from any obligation under this Lease.

ARTICLE 9.
REPRESENTATIONS AND ASSURANCES

Section 9.1 County to Give Peaceful Possession.

Lessee shall have, hold, and enjoy, during the Lease Term, peaceful, quiet, and undisputed possession of the Property without hindrance or molestation by or from the County so long as the Lessee is not in default under this Lease following the expiration of all applicable notice and cure periods.

Section 9.2 Lessee Representations.

The Lessee represents and warrants, as of the Commencement Date, as follows:

(a) Organization. The Lessee is a duly organized, validly existing California limited partnership, and is 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.

(b) Authority of Lessee. The Lessee has full power and authority to execute and deliver this Lease, and all documents to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of this Lease and of all documents to be executed and delivered pursuant to this Lease.

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

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

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Lease or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Lease, 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 County whatsoever binding on the Lessee, or any provision of the organizational documents of the Lessee, or will conflict with or constitute a breach of or a default under any agreement to which the Lessee is a party, or will result in the creation or imposition of any lien upon any assets or property of the Lessee, other than liens established pursuant hereto.

(f) Compliance With Laws; Consents and Approvals. The construction of the Improvements 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 County.

(g) Pending Proceedings. The Lessee is not in default under any law or regulation or under any order of any court, board, commission or County whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee, at law or in equity, before or by any court, board, commission or County whatsoever which might, if determined adversely to the Lessee, materially affect the Lessee's ability to develop the Improvements.

(h) Title to Property. Upon the recordation of the Memorandum of Lease, the Lessee will have good and marketable leasehold title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than those liens approved by the County, liens for current real property taxes and assessments not yet due and payable, and liens in favor of the County or approved in writing by the County.

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

(j) Sufficient Funds. The Lessee holds sufficient funds or binding commitments for sufficient funds to complete the construction of the Improvements in accordance with this Agreement.

Section 9.3 Release of County.

The County may sell, assign, transfer or convey all or any part of County's interest in the Property, reversionary interest in the Improvements, or this Lease without obtaining the Lessee's consent, as long as the purchaser, assignee, or transferee expressly assumes all of the obligations of the County under this Lease by a written instrument in a form reasonably satisfactory to Lessee and recordable in the Official Records. In the event of a sale, assignment, transfer or conveyance by the County of the Property or its rights under this Lease, the same shall operate to release the County from any future liability upon any of the covenants or conditions of this Lease, expressed or implied, in favor of the Lessee, and in such event the Lessee shall look solely to the successor in interest of the County. This Lease shall not be affected by any such sale or transfer, and the Lessee agrees to attorn to any such purchaser or assignee.

Section 9.4 Holding Over.

If the Lessee shall retain possession of the Property or the Improvements thereon or any part thereof without the County's prior written consent following the expiration of the Lease Term or sooner termination of this Lease for any reason, then the Lessee shall pay to the County

the fair market rent for the Property as of the date the Lessee retained possession of the Property or the Improvements, or any part thereof without the County's prior written consent following the expiration or sooner termination of this Lease as determined by a licensed real estate appraiser selected by the County in its sole discretion (the "Holdover Rent").

In addition to the Holdover Rent, the Lessee shall pay the County all other payments that would have been due had the Lease not expired or been terminated and had the Rent and other payment terms in effect at the time of the expiration or sooner termination of the Lease remained in effect. These payments shall be applicable to a holding over of any kind by the Lessee. The Lessee shall also indemnify and hold the County harmless from any loss or liability resulting from delay by the Lessee in surrendering the Property, including, without limitation, any claims made by any succeeding lessee founded on such delay. Acceptance of Rent by the County following expiration or termination shall not constitute a renewal of this Lease and nothing contained in this Section 9.4 shall waive the County's right of reentry or any other right. The Lessee shall be only a Lessee at sufferance, whether or not the County accepts any Rent from the Lessee while the Lessee is holding over without the County's written consent.

Section 9.5 No Merger.

Except upon expiration of the Lease Term or upon termination of this Lease pursuant to an express right of termination set forth herein, there shall be no merger of either this Lease or the Lessee's estate created hereunder with the fee estate of the Property or any part thereof by reason of the fact that the same person may acquire, own or hold, directly or indirectly, (a) this Lease, the Lessee's estate created hereunder or any interest in this Lease or the Lessee's estate (including the Improvements), and (b) the fee estate in the Property or any part thereof or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of the County, having an interest in (i) this Lease or the Lessee's estate created hereunder, and (ii) the fee estate in the Property or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same.

ARTICLE 10. DEFAULTS AND REMEDIES

Section 10.1 Events of Default; Remedy for Default by Lessee.

Any one or more of the following events shall constitute an "Event of Default" by the Lessee:

- (a) Failure to pay Rent, as required pursuant to Section 2.5 of this Lease, or any other payment required hereunder, and continuance of such failure for a period of fifteen (15) days after receipt by the Lessee of written notice specifying the nonpayment;
- (b) Failure of the Lessee to observe and perform any other covenant, condition or agreement hereunder on its part to be performed, and (1) continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such default, or (2) if by reason of the nature of such default the same cannot be remedied within such thirty (30) days, the Lessee fails to proceed with reasonable diligence after receipt of

such notice to cure the same, within a reasonable amount of time thereafter but in no event later than one hundred twenty (120) days following the County's initial notice; or

(c) A default by the Lessee under the County Loan, the Disposition Agreement, the Regulatory Agreement, the County Promissory Note or the County Leasehold Deed of Trust which continues beyond the expiration of all applicable notice and cure periods; or

(d) The Lessee's abandonment of the Property for the period of time required for such abandonment to be legally recognized as such under California law; or

(e) A general assignment by the Lessee for the benefit of creditors; or

(f) The filing of a voluntary petition by the Lessee, or the filing of an involuntary petition by any of the Lessee's creditors, seeking the rehabilitation, liquidation or reorganization of the Lessee under any law relating to bankruptcy, insolvency or other relief of debtors, provided that in the case of an involuntary petition Lessee shall have ninety (90) days to cause such petition to be withdrawn or dismissed; or

(g) The appointment of a receiver or other custodian to take possession of substantially all of the Lessee's assets or of this leasehold, which appointment is not withdrawn or dismissed within sixty (60) days, excluding any receivership initiated by an Approved Lender which shall not constitute an Event of Default; or

(h) The Lessee becomes insolvent or declares in writing it is unwilling to pay its debts as they become due; or any court enters a decree or order directing the winding up or liquidation of the Lessee or of substantially all of its assets; or the Lessee takes any action toward the dissolution or winding up of its affairs or the cessation or suspension of its use of the Development; or

(i) Attachment, execution or other judicial seizure of substantially all of the Lessee's assets or this leasehold, which is not dismissed, bonded, or stayed within thirty (30) days; or

(j) A violation of the Lessee's obligations under any of the Approved Loan Documents (without cure or waiver after expiration of applicable cure periods), including (without limitation) a failure to operate, maintain, and manage the Improvements in accordance with this Lease; or

(k) A Transfer occurs, either voluntarily or involuntarily, in violation of Article 8.

(l) Whenever any default has occurred and is continuing and upon expiration of any applicable cure periods, and subject to the cure rights of Approved Lenders and the Investor, an Event of Default shall exist, the County may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of this Lease, including without limitation, termination of this Lease. Notwithstanding the foregoing, after the issuance of a certificate of completion the Lessor shall not terminate this Lease prior to the expiration of the fifteen year tax credit compliance period for the Improvements. In the event of

an Event of Default, County's remedies shall be cumulative, and no remedy expressly provided for in this section shall be deemed to exclude any other remedy allowed by law.

Section 10.2 Remedy for Default by County.

If the County defaults under this Lease, then the Lessee shall first notify the County in writing of its purported breach or failure, giving the County thirty (30) days from receipt of such notice to cure or, if cure cannot be accomplished within thirty (30) days, to commence to cure such breach, failure, or act. In the event the County does not then so cure within said thirty (30) days, or if the breach or failure is of such a nature that it cannot be cured within thirty (30) days, the County fails to commence to cure within such thirty (30) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the Lessee shall be afforded all of its rights at law or in equity, including terminating in writing this Lease (provided, however, that the indemnification provisions shall survive such termination).

ARTICLE 11.
MISCELLANEOUS

Section 11.1 Instrument Is Entire Agreement.

This Lease and the Disposition Agreement constitute the entire agreement between the Parties with respect to the matters set forth herein and completely supersede all prior understandings or agreements, both written and oral, between the Parties relating to the lease of the Property.

Section 11.2 Notices.

All notices hereunder shall be in writing signed by the Authorized Officer(s) and shall be sufficient if sent by United States first class, certified mail, postage prepaid, or express delivery service with a receipt showing the date of delivery, addressed:

if to the County: Community Development and Housing of County of San
Bernardino
385 North Arrowhead Avenue, 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

if to Lessee: AMCAL Las Terrazas Fund, L.P.
c/o AMCAL Multi-Housing Inc.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301

Attn: President

With a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 91301
Attn: Kyle Arndt

or any other address as either Party may have furnished to the other in writing pursuant to the requirements of this Section 11.2 as a place for service of notice. Any notice so mailed shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt.

Section 11.3 Non-Liability of Officials, Employees and Agents.

No supervisor, member, official, employee or agent of the County shall be personally liable to the Lessee, or any successor in interest, in the event of a County default.

Section 11.4 Force Majeure.

Performance by either Party shall not be deemed to be in default where defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of god; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Lease); weather or soils conditions which, in the opinion of the Lessee's contractor, will necessitate delays; inability to secure necessary labor; acts of the other Party; acts or failure to act of any public or governmental County or entity (other than the acts or failure to act of the County); or any other causes (other than the Lessee's inability to obtain financing for the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. Times of performance under this Lease may also be extended in writing by the County and the Lessee. In no event shall the cumulative delays exceed one hundred eighty (180) days, unless otherwise agreed to in writing by the Parties.

Section 11.5 Non-Waiver of Breach.

Neither the failure of a Party to insist upon strict performance of any of the covenants and agreements of this Lease nor the failure by the Party to exercise any rights or remedies granted to such Party under the terms of this Lease shall be deemed a waiver or relinquishment (a) of any covenant herein contained or of any of the rights or remedies of the applicable Party, (b) of the right in the future of the applicable Party to insist upon and to enforce, by any appropriate legal remedy a strict compliance with all of the covenants and conditions thereof, or (c) the right of the County to recover possession of the Property upon occurrence of a default and the expiration of applicable notice and cure periods or the expiration of the Lease Term.

Section 11.6 Binding Upon Successors; Covenants to Run With Land.

This Lease shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties; provided, however, that there

shall be no transfer of any interest by the Lessee except pursuant to the terms of this Lease. Any reference in this Lease to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Lease, or under law.

The terms of this Lease shall run with the land and shall bind all successors in title to the Property during the Lease Term, except that the provisions of this Lease that are specified to survive termination of this Lease shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Property or the Improvements or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases the Property, the Improvements, or the applicable portion of the Property, from the requirements of this Lease.

Section 11.7 Employment Opportunity.

The Lessee and its successors, assigns, contractors and subcontractors shall not discriminate against any employee or applicant for employment in connection with the construction and operation of the Improvements because of race, color, religion, sex, sexual preference, marital status, ancestry or national origin. Each of the following activities shall be conducted in a nondiscriminatory manner: hiring; upgrading; demotion and transfers; recruitment and recruitment advertising; layoff and termination; rate of pay and other forms of compensation; and selection for training including apprenticeship.

Section 11.8 Relationship of Parties.

Nothing contained in this Lease shall be deemed or construed by the Parties or by any third party to create the relationship of principal or agent; partnership; joint venture; association; or buyer and seller. Neither the computation of any payments and other charges under the terms of this Lease nor any other provisions contained in this Lease, nor any act of the Parties, shall be deemed to create any relationship between the Parties other than the relationship of landlord and tenant.

Section 11.9 Titles.

Any titles of the sections or subsections of this Lease are inserted for convenience of reference only and shall be disregarded in interpreting any of its provisions.

Section 11.10 Severability.

If any provision of this Lease or the application of any provision to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 11.11 Applicable Law.

This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 11.12 Venue.

The Superior Court of the County of San Bernardino shall be the forum and venue for all litigation arising from this Lease.

Section 11.13 Approvals.

(a) Whenever this Lease calls for a Party's approval, consent, or waiver, the written approval, consent, or waiver of the Party's Authorized Officer(s) shall constitute the approval, consent, or waiver of the Party, without further authorization required from the Party's board. The Parties hereby authorize their Authorized Officers to deliver such approvals or consents as are required by this Lease, or to waive requirements under this Lease, on behalf of them.

(b) All approvals under this Lease shall be subject to a reasonableness standard, except where a sole discretion standard is specifically provided.

Section 11.14 Inspection of Books and Records.

The County has the right, at all reasonable times, to inspect and copy, on a confidential basis, subject to the California Public Records Act (California Government Code Section 6251 et seq.), the books, records and all other documentation of the Lessee pertaining to its obligations under this Lease. The Lessee also has the right, at all reasonable times, to inspect and copy the books, records and all other documentation of the County pertaining to its obligations under this Lease. Each Party shall maintain adequate records for a period of at least five (5) years after the end of the operating year in which the records were created.

Section 11.15 Lease Binding on Successors.

This Lease shall inure to the benefit of, and shall be binding upon, the County, the Lessee, and their respective permitted successors and assigns.

Section 11.16 Counterparts.

This Lease may be executed in counterparts and multiple originals, each of which shall be an original and all of which shall constitute the same instrument.

[Signature Page Follows]

BY SIGNING BELOW, the Parties confirm their agreement to the terms of this Lease as of the date first written above.

LESSEE:

AMCAL LAS TERRAZAS FUND, L.P., a California
Limited Partnership

By: AMCAL Multi-Housing, Inc., a California
corporation, its general partner

By: _____
Arjun Nagarkatti, President

LESSOR:

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

By: _____
Gregory C. Devereaux, Chief Executive Officer

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

By: _____
Michelle Blakemore,
Chief Assistant County Counsel

Date: _____

EXHIBIT A

LEGAL DESCRIPTION

The land is situated in the County of San Bernardino, State of California, and is described as follows: (Note: The Deed of trust covers Trustor's interest in the leasehold and fee interest in the improvements)

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;
THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;
THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;
THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;
THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;
THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;
THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;
THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT B

INSURANCE REQUIREMENTS

(a) The Lessee shall maintain the following insurance coverage throughout the Term of the County 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 Lessee use existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Lessee 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 Lessee shall secure and maintain the contract term the following types of insurance with limits as shown:

(1) Workers' Compensation/Employers Liability.

(A) 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 Lessee and all risks to such persons under this Agreement.

(B) If the Lessee have 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.

(C) With respect to Lessee 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 the Lessee 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:

- (A) Premises operations and mobile equipment.
- (B) Products and completed operations.
- (C) Broad form property damage (including completed operations).
- (D) Explosion, collapse, and underground hazards.
- (E) Personal injury.

(F) Contractual liability.

(G) \$2,000,000 general aggregate limit.

(3) Comprehensive Automobile Liability.

(A) 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).

(B) 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.

(C) If the Lessee 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.

(D) If the Lessee 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 County Loan proceeds caused by dishonesty, in an amount approved by the County, naming the County a Loss Payee, as its interests may appear.

(c) The Lessee shall cause any general contractor, agent, or subcontractor working on the Development under direct contract with the Lessee or subcontract to maintain insurance of the types and in at least the minimum amounts described in subsections (i), (ii), and (iii) above, meeting all of the general requirements of subsections (e) and (f) below and naming the County as an additional insured. The Lessee agree 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 the Lessee 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 (i) 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; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (iii) a provision that no act or omission of the Lessee shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iv) 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 Lessee shall require the carriers of required coverages 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 Lessee and the Lessee's employees or agents from waiving the right of subrogation prior to a loss or claim. The Lessee 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 Lessee 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 the Lessee shall maintain such insurance from the time the Lessee commences performance of services hereunder until the completion of such services. Within fifteen (15) days following the close of Escrow, the Lessee 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 Lessee 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 Lessee 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 the County's risk management agent.

(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 the Lessee or County disbursements to the Lessee 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 or 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. The Lessee agree 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.

(p) In addition, the Lessee hereby agrees shall possess and maintain a pollution legal liability and/or environmental liability insurance policy with a minimum ten year term with a combined single limit of not less than five million (\$5,000,000) per claim or occurrence, subject to the approval of the County's Director of Risk Management (the "Pollution Liability Policy"). The required additional insured endorsement shall protect the County without any restrictions or exceptions.

EXHIBIT C

PRELIMINARY TITLE REPORT



4210 Riverwalk Parkway, Suite 100
Riverside, CA 92505
Phone: (951) 710-5941
Fax: (951) 710-5955

Issuing Policies of Fidelity National Title Insurance Company

Title Officer: Steven Gomez (BS-RIV)
Escrow Officer: Janette DeLap

Order No.: 012-25002057-A-SG4

TO:

AMCAL Multi-Housing, Inc.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301

ATTN: **Adam Monaghan**
YOUR REFERENCE:

PROPERTY ADDRESS: 1176 W., Valley Boulevard, Colton (Area), CA

AMENDED PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Countersigned by:

Authorized Signature



4210 Riverwalk Parkway, Suite 100
Riverside, CA 92505
Phone: (951) 710-5941
Fax: (951) 710-5955

AMENDED PRELIMINARY REPORT

EFFECTIVE DATE: January 10, 2017 at 7:30 a.m., Amended: February 7, 2017, Amendment No. A

ORDER NO.: 012-25002057-A-SG4

The form of policy or policies of title insurance contemplated by this report is:

ALTA Standard Owners Policy (6-17-06)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A FEE

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

AMCAL LAS TERRAZAS FUND, LP

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF COLTON (AREA), IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;
THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;
THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;
THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;
THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;
THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;
THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;
THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;
THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;
THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;
THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2017-2018.

B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 0274-182-34-0-000
Fiscal Year: 2016-2017
1st Installment: \$501.36, PAID
2nd Installment: \$501.35, UNPAID (Delinquent after April 10)
Penalty and Cost: \$60.14
Homeowners Exemption: \$0.00
Code Area: 064-017

Affects: Parcel A

Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 0274-182-43-0-000
Fiscal Year: 2016-2017
1st Installment: \$7,630.84, PAID
2nd Installment: \$7,630.82, UNPAID (Delinquent after April 10)
Penalty and Cost: \$773.09
Homeowners Exemption: \$0.00
Code Area: 064-017

Affects: Parcel B

Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 0274-182-46-0-000
Fiscal Year: 2016-2017
1st Installment: \$2,096.06, PAID
2nd Installment: \$2,096.03, UNPAID (Delinquent after April 10)
Penalty and Cost: \$219.62
Homeowners Exemption: \$0.00
Code Area: 064-017

Affects: Parcel C

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

EXCEPTIONS
(Continued)

2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: George E. Burrell and Howard B. Smith
Purpose: pipelines
Recording Date: April 25, 1890
Recording No: [Book 113, Page 64 Official Records](#)
Affects: a portion of the land

The exact location and extent of said easement is not disclosed of record.

3. The recital in the deed from Ethel Blomquist to the State of California, recorded [August 2, 1938, in Book 1294, Page 43 Official Records](#), as follows: "It is understood that should the state highway to be constructed on the above described property be divided by the construction of a central dividing strip, the grantor waives any claim for compensation therefore."

Affects: Parcel B

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: County of San Bernardino
Purpose: road and highway
Recording Date: July 7, 1978
Recording No: [Book 9469, Page 1947 Official Records](#)
Affects: a portion of the land over Parcel A

5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Telephone Company
Purpose: the construction, maintenance and operation of aerial and underground telephone liens and cables
Recording Date: December 30, 1980
Recording No: [80-299050 Official Records](#)
Affects: a portion of the land over Parcel B

6. Easement(s) for the purpose(s) shown below and rights incidental thereto, as delineated on or as offered for dedication on

Map/Plat: Parcel Map No. 9726
Recording No: [Book 89, Page 23 of Parcel Maps](#)
Purpose: drainage
Affects: a portion of the land over Parcel B

7. Matters contained in that certain document

Entitled: Notice of Merger EVL00526-05
Dated: October 26, 2005
Recording Date: November 2, 2005
Recording No: [2005-0825970 Official Records](#)

Reference is hereby made to said document for full particulars.

Affects: Parcel C

EXCEPTIONS
(Continued)

8. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: County of San Bernardino
Purpose: highway and roadway
Recording Date: October 31, 2007
Recording No: [2007-0610018 Official Records](#)
Affects: a portion of the land over Parcel C

9. Matters contained in that certain document

Entitled: NSP Affordability Covenant Agreement
Dated: February 12, 2013
Executed by: County of San Bernardino, California and the AMCAL Las Terrazas Fund, L.P.
Recording Date: March 6, 2013
Recording No: [2013-0094915 Official Records](#)

Reference is hereby made to said document for full particulars.

Affects: Parcel B

A document entitled "First Amendment to Neighborhood Stabilization Program Loan Agreement For Multi-Family Housing and First Amendment to Predevelopment Loan Agreement (Las Terrazas Apartments)" recorded [September 17, 2015, as Instrument No. 2015-0406653 Official Records](#).

10. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$2,266,000.00
Dated: February 20, 2013
Trustor/Grantor: AMCAL Las Terrazas Fund, L.P.
Trustee: Lawyers Title Company, a California corporation
Beneficiary: County of San Bernardino, Department of Community Development and Housing
Recording Date: March 6, 2013
Recording No: [2013-0094916 Official Records](#)

11. Matters contained in that certain document

Entitled: Extra-Territorial Water/Sewer Service Agreement
Dated: September 2015
Executed by: City of Colton and AMCAL Las Terrazas Fund, L.P.
Recording Date: October 22, 2015
Recording No: [2015-0459144 Official Records](#)

Reference is hereby made to said document for full particulars.

A document entitled "First Amendment to Extra-Territorial Water/Sewer Service Agreement" recorded [June 30, 2016, as Instrument No. 2016-0260263 Official Records](#).

**EXCEPTIONS
(Continued)**

12. Matters contained in that certain document

Entitled: Agreement Regarding Prepayment of Assessments
Dated: February 19, 2016
Executed by: Terrace Water Company, a California corporation and AMCAL Las Terrazas Fund, L.P.,
a California limited partnership
Recording Date: April 29, 2016
Recording No: [2016-0166117 Official Records](#)

Reference is hereby made to said document for full particulars.

13. A Notice

Entitled: Notice of Merger P201500538
For: Merger into one parcel or unit of land
Executed by: County of San Bernardino
Recording Date: June 27, 2016
Recording No: [2016-0252353 Official Records](#)

Reference is hereby made to said document for full particulars.

14. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

15. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

**PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH
FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

END OF EXCEPTIONS

REQUIREMENTS SECTION

1. Before issuing its policy of title insurance, the Company will require the following for the below-named limited partnership:

Name: AMCAL Las Terrazas Fund, LP

Certificate of Limited Partnership filed with the Secretary of State, in compliance with the provisions of the California Revised Limited Partnership Act, Section 15611 et. seq., Corporations Code.

Certified Copy of the Certificate of Limited Partnership certified by the Secretary of State filed with the County Recorder.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation

2. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

END OF REQUIREMENTS

INFORMATIONAL NOTES SECTION

1. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
2. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Single Family Residential properties, known as 1176 W., Valley Boulevard, located within the Colton (Area), California, 92324, to an Extended Coverage Loan Policy.
3. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
4. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

END OF INFORMATIONAL NOTES

Steven Gomez (BS-RIV)/aag

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF”, “our” or “we”), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

Types of Information Collected. You may provide us with certain personal information, like your contact information, social security number (SSN), driver’s license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.	How Information is Collected. We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.
Use of Your Information. We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.	Security Of Your Information. We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.
Choices With Your Information. Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.	When We Share Information. We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.
Information From Children. We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.	Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties’ websites.
Access and Correction. If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.	Do Not Track Disclosures. We do not recognize “do not track” requests from Internet browsers and similar devices.
The California Online Privacy Protection Act. Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.	International Use. By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.
Your Consent To This Privacy Notice. By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.	Contact FNF. If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.

FIDELITY NATIONAL FINANCIAL, INC.

PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the “Website”), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

Types of Information Collected

We may collect two types of information: Personal Information and Browsing Information.

Personal Information. The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver’s license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- **Browser Log Files.** Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- **Cookies.** From time to time, FNF may send a “cookie” to your computer when you visit the Website. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer’s hard drive. When you visit the Website again, the cookie allows the

Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF’s products and services.

When We Share Information

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be

responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances ("opt out"). You may opt out of receiving communications from us about our products and/or services.

Security And Retention Of Information

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF's privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

Information From Children

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

Privacy Outside the Website

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

Because FNF's headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

Do Not Track Disclosures

Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

The California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;

- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

Access and Correction

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

Contact FNF

Please send questions and/or comments related to this Privacy Notice by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

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EFFECTIVE AS OF APRIL 1, 2016

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company

FNTC - Fidelity National Title Company

FNTCCA –Fidelity National Title Company of California

FNF Underwriter

FNTIC - Fidelity National Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

DISASTER LOANS (FNTIC)

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

ATTACHMENT ONE
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;

- (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II, (t) or (T) his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(PART I

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
- 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
- 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: (The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- 6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
- 7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (04-02-15)

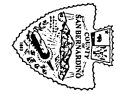
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
- 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
- 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.

8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

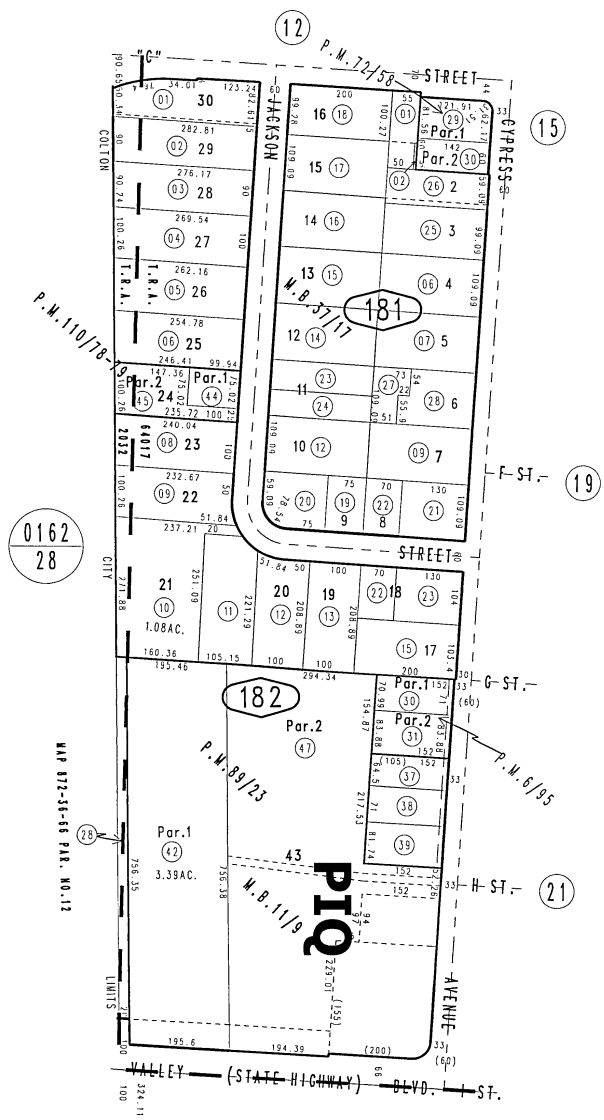
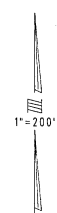
THIS MAP IS FOR THE PURPOSE
OF AD VALOREM TAXATION ONLY.



Ptn. Orange Land & Water Co. Add.
M.B.11/9

Colton Unified
City of Colton
Tax Rate Area
2032 6407

0274-18



This maplet is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

October 2003

Parcel Map No. 10107, P.M. 110/78-79
Parcel Map No. 8726, P.M. 89/23
Parcel Map No. 7297, P.M. 72/58
Parcel Map No. 707, P.M. 6/95
McIntire Acres, Tract No. 2608, M.B. 37/17

Ptn. S.W. 1/4, Sec. 19
T.1S., R.4W.

Assessor's Map
Book 0274, Page 18
San Bernardino County

REVISED
09/19/16 CM

OWNER'S DECLARATION

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 25002057-012-JDL-SG4 for full legal description (the "Land").
 - b. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at _____, further described as follows: See Preliminary Report/Commitment No. 25002057-012-JDL-SG4 for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above-referenced Preliminary Report/Commitment.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on ____ at _____.

Signature: _____

EXHIBIT E

FORM OF REGULATORY AGREEMENT

[Insert County Recorder's Cover Sheet]
**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Las Terrazas)

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Las Terrazas)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") is made and entered into as of _____, 20__, the County of San Bernardino, a political subdivision of the State of California (the "County") and AMCAL Las Terrazas Fund, L.P., a California limited partnership (the "Developer").

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Regulatory Agreement. Capitalized terms used but not defined in this Regulatory Agreement shall have the meanings set forth in the Disposition Agreement.

B. The County and the Developer have entered into the Disposition Agreement, under which the County agreed to: (1) ground lease the Property to the Developer; and (2) make the County Loan to the Developer. The County Loan funds are required to be used by the Developer solely to finance the acquisition, construction and development of the Development.

C. Through this Regulatory Agreement the County is imposing occupancy and affordability restrictions on the Development. The County restricted units are required to remain affordable to Extremely Low Income Households, Very Low Income Households and Low Income Households for fifty-seven (57) years, as specified in this Regulatory Agreement.

D. In consideration of receipt of the County Loan from the County, and in order to ensure that the entire Development will be used and operated in accordance with these conditions and restrictions, the Developer has agreed to observe all the terms and conditions set forth below for the entire Term of this Agreement.

THEREFORE, the County and the Developer hereby agree as follows:

ARTICLE 1.
DEFINITIONS

Section 1.1 Definitions. When used in this Regulatory Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Actual Household Size" means the actual number of persons in the applicable household.

(b) "Adjusted Income" means the lower of the total anticipated annual income of all persons in a household, as calculated in accordance with 25 California Code of

Regulations Section 6914 or pursuant to a successor State housing program that utilizes a reasonably similar method of calculation of adjusted income. In the event that no such program exists, the County shall provide the Owner with a reasonably similar method of calculation of adjusted income as provided in said Section 6914.

(c) "AMCAL" shall mean AMCAL Multi-Housing, Inc., a California corporation.

(d) "Assumed Household Size" means the assumed household size "adjusted for family size appropriate to the unit" as such term is defined in California Health and Safety Code Section 50052.5(h). The definition is utilized to calculate affordable rent and is not intended to be a limit on the number of persons occupying a unit.

(e) "Completion Date" means the date a certificate of occupancy, or equivalent document is issued by the County to certify that the Development may be legally occupied.

(f) "Construction Loan" refers to the loan from a lender (or consortium of lenders) acceptable to the County, the proceeds of which are used to construct the Development.

(g) "Construction Loan Payoff" means the date on which the Construction Loan has been fully repaid and the leasehold deed of trust encumbering the Tenant's interest in the Development for the benefit of the Construction Lender has been fully reconveyed.

(h) "County" means the County of San Bernardino, a political subdivision of the State of California.

(i) "County Loan" means a loan from the County to the Developer in an amount not to exceed Six Million Six Hundred Thirty-Nine Thousand One Hundred Thirty-Seven Dollars (\$6,639,137).

(j) "County Loan Documents" means this Regulatory Agreement, the Disposition Agreement, the Promissory Note, the Leasehold Deed of Trust, and the Housing Lease.

(k) "Day Care Improvements" means the interior portion of the building in the Development designated for use as a day care facility.

(l) "Developer" means AMCAL Las Terrazas, L.P., a California limited partnership, and its successors and assigns to the Development.

(m) "Development" means the Property and the Development Improvements; the Development is also referred to herein as the "Development."

(n) "Development Improvements" means the one hundred twelve (112) units of affordable multi-family rental housing, including one (1) manager's unit, all common areas, amenities, appurtenances, improvement easements, buildings and fixtures associated

with the Development, as the same may exist from time to time, but excluding the Day Care Improvements.

(o) "Disposition Agreement" means the Land Disposition, Development and Loan Agreement dated as of February 14, 2017, entered into by and between the County and the Developer, as such may be amended.

(p) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for extremely low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HUD.

(q) "Extremely Low Income Rent" means the rent permitted to be charged for an Extremely Low Income Unit pursuant to Section 2.2(a) below.

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

(s) "Housing Lease" means the long-term lease between the County, as landlord, and the Developer as lessee, under which the Developer leased the Property from the County.

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

(u) "Investor Limited Partner" means the tax credit limited partner or partners, and their respective successors and assigns, admitted to the Developer in connection with the allocation of low income housing tax credits to the Development, which admission will occur concurrent with closing of construction financing for development of the Development Improvements.

(v) "Leasehold Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among the Developer, as trustor, Fidelity National Title Company, as trustee, and the County, as beneficiary, that will encumber the Property to secure repayment of the County Loan and the Developer's performance of the covenants set forth in the County Loan Documents.

(w) "Low Income Household" shall mean a household with an Adjusted Income that does not exceed the qualifying limits for lower income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HUD.

(x) "Low Income Rent" means the rent permitted to be charged for a Very Low Income Unit pursuant to Section 2.2(c) below.

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

(z) "Median Income" means the median gross yearly income adjusted for Actual Household Size (to qualify residents) or Assumed Household Size (to calculate rents), as applicable, 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 shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD.

(aa) "Promissory Note" means the promissory note from the Developer to the County evidencing all or any part of the County Loan dated February 14, 2017.

(bb) "Property" means approximately 5.92 acres of real Property located in unincorporated San Bernardino County, more particularly described in Exhibit A attached hereto and incorporated herein, and also referred to as the "Development Parcel."

(cc) "Regulatory Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants.

(dd) "Rent" means the total of monthly payments by the residents of a Unit (other than the manager's unit) for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Developer which are required of all residents, other than security deposits; the cost of an adequate level of service for utilities paid by the resident, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not cable or telephone service; 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 Developer, and paid by the Resident.

(ee) "Resident" means a household occupying a Unit pursuant to a valid lease with the Developer.

(ff) "Term" means the term of this Regulatory Agreement which commences as of the date of this Regulatory Agreement, and unless sooner terminated pursuant to the terms of this Regulatory Agreement, expires on the date fifty-seven (57) years from the date of this Regulatory Agreement.

(gg) "Units" means each of the one hundred twelve (112) units of affordable multi-family and intergenerational rental housing to be constructed by the Developer on the Property and shall explicitly exclude the one (1) manager's unit.

(hh) "Very Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HUD.

(ii) "Very Low Income Rent" means the rent permitted to be charged for a Very Low Income Unit pursuant to Section 2.2(b) below.

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

ARTICLE 2. AFFORDABILITY AND OCCUPANCY COVENANTS

Section 2.1 Occupancy Requirements.

The Developer shall regulate the use and occupancy of the Units in the following manner:

(a) Extremely Low Income Units. Two (2) one-bedroom Units, six (6) two-bedroom Units and four (4) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households.

(b) Very Low Income Units. Twenty-six (26) one-bedroom Units, thirty-one (31) two-bedroom Units and sixteen (16) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households.

(c) Low Income Units. Fourteen (14) two-bedroom Units and twelve (12) three-bedroom Units shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households.

(d) Manager's Unit. One (1) two-bedroom unit shall be available for designation as the manager's unit.

Section 2.2 Allowable Rent.

(a) Extremely Low Income Rent. Subject to Section 2.3 below, the Rent charged to Residents of the Very Low Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

(b) Very Low Income Rent. Subject to Section 2.3 below, the Rent charged to Residents of the Very Low Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size.

(c) Low Income Rent. Subject to Section 2.3 below, the Rent charged to Residents of the Low Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of eighty percent (80%) of Median Income, adjusted for Assumed Household Size.

(d) Assumed Household Size. For purposes of calculating the allowable Rent for the Units under the Health and Safety Code, the Assumed Household Sizes means the household size "adjusted for family size appropriate to the unit" as such term is defined in California Health and Safety Code Section 50052.5(h) and shall be:

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
One	2
Two	3
Three	4

(e) Approval of Rents. Initial rents for all Units shall be approved by the County prior to occupancy. No later than thirty (30) days after HUD publishes Median Income for the County of San Bernardino for each calendar year, the County shall provide the Developer with a schedule of permissible maximum Extremely Low Income Rent, Very Low Income Rents and Low Income Rents for the succeeding year (the "Rent Schedule"). The Rent Schedule for each calendar year shall reflect an increase or decrease in maximum permissible rents which corresponds directly to any increase or decrease in Median Income for the County of San Bernardino from the Median Income for the County of San Bernardino published for the previous calendar year. Under no circumstance may Developer raise rents above the permissible maximum rents as allowed under the annual rent schedule provided by the County.

(f) No Additional Fees. The Developer may not charge any fee, other than Rent, to any Resident of Units for any housing or other services provided by the Developer (other than laundry and vending services). All Residents must have equal access to and enjoyment of all common facilities in the Development.

(g) Occupancy. Developer shall cause the Development to be operated at all times in compliance with all applicable provisions of: (1) the Unruh Act, including but not limited to California Civil Code Sections 51.2, 51.3 and 51.4 which relate to the requirements for lawful senior housing; (2) the California Fair Employment and Housing Act, Government Code Section 12900 et seq., which relates to lawful senior housing; (3) Section 504 of the Rehabilitation Act of 1973, (4) the United States Fair Housing Act, as amended, 42 U.S.C. Section 3607(b) and 24 CFR 100.304, which relate to lawful senior housing; (5) the Americans With Disabilities Act of 1990, which relate to disabled persons access; and (6) any other applicable law or regulation. Developer 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 Developer's failure to comply with applicable legal requirements related to housing for persons with disabilities and housing for seniors. The provisions of this subsection will survive expiration of the Term or other termination of this Regulatory Agreement, and remain in full force and effect.

Section 2.3 Increased Income of Residents.

(a) Increased Income Over Extremely Low Income but below Very Low Income Limit. If, upon recertification of a Resident's income, the Developer determines that a former Extremely Low Income Household's Adjusted Income has increased and exceeds the qualifying income for an Extremely Low Income Household, but has an Adjusted Income

not exceeding the qualifying income for a Very Low Income Household, then, such Resident shall be permitted to retain the Unit and shall continue to be charged Extremely Low Income Rent. Upon expiration of the Resident's lease for such year and upon sixty (60) days' written notice, the Rent may be increased to the Very Low Income Rent, and such Resident's Unit may be considered a Very Low Income Unit.

(b) Increased Income Over Very Low Income but Below Low Income Limit. If, upon recertification of a Resident's income, the Developer determines that a former Very Low Income Household's Adjusted Income has increased and exceeds the qualifying income for a Very Low Income Household, but has an Adjusted Income not exceeding the qualifying income for a Low Income Household, then, such Resident shall be permitted to retain the Unit and shall continue to be charged Very Low Income Rent. Upon expiration of the Resident's lease for such year and upon sixty (60) days' written notice, the Rent may be increased to the Low Income Rent, and such Resident's Unit may be considered a Low Income Unit;

(c) Low Income Household. If, upon recertification of a Resident's income the Developer determines that a former Extremely Low Income Household, Very Low Income Household or Low Income Household's income has increased and exceeds the qualifying income for Low Income Households (above eighty percent (80%) of area median income), the Resident may continue to occupy the Unit. Upon expiration of the Resident's Lease for such year, the Developer shall:

(1) Subject to Section 6.20, with sixty (60) days' advance written notice, increase such Resident's Rent to the lesser of, (i) one-twelfth (1/12) of thirty percent (30%) of the actual Adjusted Income of the Resident, and (ii) the fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements); and

(2) Rent the next available Unit to an Extremely Low Income Household or Very Low Income Household at Rent not exceeding the maximum Rent specified in Section 2.2, as applicable, to comply with the requirements of Section 2.1 above.

(d) Termination of Occupancy. Upon termination of occupancy of a Unit by a Resident, 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 Resident, until such unit is reoccupied, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1 above.

Section 2.4 Units Available to the Disabled. The Developer shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et seq.), a minimum of six (6) Units must be fully accessible to households with a mobility impaired member and an additional three (3) Units must be fully accessible to hearing and/or visually impaired persons. Not less than thirty (30) days from the Completion Date, the Developer shall

deliver to the County the certification required pursuant to Section 6.20 of the Disposition Agreement.

Section 2.5 Lease Provisions. Developer shall include in leases for all Units provisions which authorize Developer to immediately terminate the tenancy of any household one or more of whose members misrepresented any fact material to the household's qualification as an Extremely Low Income Household, Very Low Income Household or Low Income Household. Each lease or rental agreement shall also provide that the household is subject to annual certification in accordance with Section 3.1 below, and that, if the household's income increases above the applicable limits for an Extremely Low Income Household, a Very Low Income Household or Low Income Household, as applicable, such household's Rent may be subject to increase pursuant to Section 2.3 above.

Section 2.6 Condominium Conversion. The Developer shall not convert Development units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property during the Term of this Regulatory Agreement.

ARTICLE 3. INCOME CERTIFICATION AND REPORTING

Section 3.1 Income Certification. The Developer shall obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Resident renting any of the Units (excluding the manager's unit). The Developer shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking one or more of the following steps as a part of the verification process: (a) obtain a minimum of the three (3) most current pay stubs for all adults age eighteen (18) or older; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain an income verification form from the applicant's current employer; (e) obtain the three (3) most current savings and checking account bank statements; (f) 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; or (g) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of Resident income certifications shall be available to the County upon reasonable request.

Section 3.2 Resident Selection.

(a) Before leasing any vacant Units in the Development, the Developer must provide the County for its review and approval the Developer's Management Plan, and any modification thereto, and as required under Section 7.8 of the Disposition Agreement.

(b) The Developer shall not discriminate against any applicants for tenancy on the basis of source of income or rent payment (for example, without limitation, Temporary Assistance for Needy Families (TANF) or Section 8), and Developer shall consider a prospective Resident's previous rent history of at least one (1) year, or such other time period the Developer deems reasonable, as evidence of the prospective Resident's ability

to pay the applicable Rent. The ability to pay shall be demonstrated if the prospective Resident can document that the prospective Resident's gross income is at least two (2) times the prospective rent at the prospective Resident's income level. The Developer, in the reasonable exercise of its discretion, may waive the requirement that the prospective Resident's gross income equal at least two (2) times the prospective rent at the prospective Resident's income level, and admit prospective Residents with lower gross incomes.

Section 3.3 Annual Report to County. The Developer shall submit to the County (a) not later than the ninetieth (90th) day after the close of each calendar year, or such other later date as may be requested by the County, a statistical report, including income and rent data for all Units, setting forth the information called for therein, and (b) within fifteen (15) days after receipt of a written request, 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.

Section 3.4 Additional Information. The Developer shall provide any additional information reasonably requested by the County with regards to the Developer or the Development. The County shall have the right to examine and make copies of all books, records or other documents of Developer which pertain to any Unit, upon reasonable prior notice to Developer and subject to all applicable tenant privacy laws.

Section 3.5 Records. The Developer 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 Residents. All Resident lists, applications and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of the Developer and shall be maintained as required by the County, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the County. The Developer 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 Developer is subject to the audit requirements set forth in 24 C.F.R. 92.506 during the NSP3 Term.

Section 3.6 Annual Operating Budget. The Developer and Management Agent shall make available to the County for inspection all books and records with respect to the Development. In addition, the Developer shall provide the County with: (a) by not later than thirty (30) days prior to commencement of each calendar year, the Annual Operating Budget for the upcoming calendar year; (b) within ninety (90) days following the end of each calendar year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding calendar year and the status of all reserve funds; and (c) within one hundred twenty (120) days following the end of each calendar year, a copy of the Developer's federal income tax filings for the calendar year, all in conformance with the requirements of Section 8.10(c) of the Housing Lease.

Section 3.7 On-site Inspection. The County, upon reasonable notice, shall have the right to perform an on-site inspection of the Development at least one (1) time per year upon no less than two (2) business days' prior notice. The Developer agrees to cooperate in such inspection. Such right to annually inspect the Development shall be in addition to the

County's right to inspect the Development in accordance with the County's code as may be amended from time to time.

ARTICLE 4. OPERATION OF THE DEVELOPMENT

Section 4.1 Residential Use. The Development shall be used and continuously operated and maintained as multi-family rental housing to be made available to and occupied by Extremely Low Income Households, Very Low Income Households and Low Income Households in conformity with this Regulatory Agreement. No part of the Development except the Day Care Improvements may be operated for any use other than permanent housing.

Section 4.2 Compliance with County Documents and Program Requirements. The Developer actions with respect to the Property shall at all times be in full conformity with: (a) all requirements of the County Loan Documents; and (b) any other regulatory requirements imposed on the Development.

Section 4.3 Taxes and Assessments. The Developer shall pay all real and personal property taxes, assessments, if any, 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 the Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Developer exercises its right to contest any tax, assessment, or charge against it, Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

Section 4.4 Reserved.

Section 4.5 Section 8 Certificate Holders. The Developer will accept as residents, on the same basis as all other prospective residents, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Developer shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective residents, nor shall the Developer 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 Residents.

Section 4.6 Preference to County and Former Agency Displacees. Subject to all applicable laws, including but not limited to fair housing laws, and the rules and regulations imposed by TCAC on the low income housing tax credit program, the Developer shall give a preference in the rental of any of the Units in the Development to eligible households displaced by activity of the County and the Former Agency. The preferences stated in this Section are required by law and shall apply to the rentals of Units in the Development throughout the Term of this Regulatory Agreement.

ARTICLE 5.
PROPERTY MANAGEMENT AND MAINTENANCE

Section 5.1 Management Responsibilities. The Developer is responsible for all management functions with respect to the Development, including without limitation the selection of residents, 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 shall have no responsibility over management of the Development. The Developer shall retain a professional property management company, approved by the County in its reasonable discretion, to perform its management duties hereunder. A resident manager shall also be required. Pursuant to Section 7.8 of the Disposition Agreement, the Developer shall submit to the County an initial proposed Management Plan pursuant to the Schedule of Performance. The County shall approve or disapprove the proposed Management Plan in writing within fifteen (15) business days following the County's receipt of the proposed Management Plan, which approval shall not be unreasonably denied, conditioned or delayed. If the proposed Management Plan is disapproved by the County, the County shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have fifteen (15) business days following the receipt of such notice to submit a revised Management Plan modified any way necessary to ensure that such policies comply with the provisions of this Regulatory Agreement. The County's approval of the amendments to the Management Plan shall not be unreasonably withheld, conditioned or delayed.

Section 5.2 Management Agent; Periodic Reports. The Development shall at all times be managed by an experienced management agent reasonably acceptable to the County (as approved, the "Management Agent"), with demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing. FPI Management, Inc. is pre-approved as the initial Management Agent. For any change in the Management Agent, the Developer shall submit for the County's approval the identity of any proposed Management Agent. The Developer shall 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 the Developer in writing.

Section 5.3 Periodic Performance Review. The County reserves the right to conduct a periodic review of the management practices and financial status of the Development within thirty (30) days after each anniversary of the Completion Date. 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 Regulatory Agreement. The Developer shall cooperate with the County in such reviews.

Section 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 of the requirements and standards of this Regulatory Agreement, the Housing Lease and the Disposition Agreement, the County shall deliver notice to the Developer of such operational issues which notice shall describe the management deficiencies with specificity along with the actions the County deems necessary to cure said deficiencies along with a period in which the deficiencies shall be cured within thirty (30) days of receipt by the Developer of such written notice, County staff and the Developer, and any partners of the Developer, 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.

(b) If, after such meeting, County staff recommends in writing the replacement of the Management Agent, with the reasonable concurrence of the partners of the Developer and the Senior Lenders, the Developer shall promptly dismiss the then Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in subsection (a) above and approved by the County pursuant to subsection (a) above.

(c) Any contract for the operation or management of the Development entered into by the Developer shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute a Developer Event of Default under this Regulatory Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.7.

Section 5.5 Approval of Management Plan Modifications. Each year, within sixty (60) days of the end of the calendar year, the Developer shall submit to the County any proposed changes to the Management Plan. The County shall approve or disapprove the proposed changes to the Management Plan in writing within fifteen (15) business days following the County's receipt of the request to amend the Management Plan, which approval shall not be unreasonably denied, conditioned or delayed. If the change to the Management Plan is disapproved by the County, the County shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have fifteen (15) business days following the receipt of such notice to submit a revised Management Plan modification in any way necessary to ensure that such policies comply with the provisions of this Regulatory Agreement. The County's approval of the amendments to the Management Plan shall not be unreasonably withheld, conditioned or delayed.

Section 5.6 Property Maintenance.

(a) The Developer agrees, for the entire Term of this Regulatory Agreement, to maintain all interior and exterior improvements, including landscaping, of the Development in good and sanitary condition and repair (and as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by AMCAL or AMCAL Affiliates (as defined in Section 1.1 of the Disposition Agreement) and

in accordance with a Management Plan approved pursuant to Section 5.5 of this Regulatory Agreement (including without limitation any landscape and signage plans), as the same may be amended from time to time, and all applicable laws, rules, ordinances, orders, and regulations of all federal, state, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials

(b) The Developer acknowledges the great emphasis the County places on quality maintenance to protect its investment and to provide quality low-income housing for area residents and to ensure that County assisted affordable housing projects are not allowed to deteriorate due to deficient maintenance. In addition, the Developer shall keep the Development free from all graffiti, and any accumulation of shopping carts, debris or waste material. The Developer shall promptly make all repairs and replacements necessary to keep the Development in good and sanitary condition and repair (and as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by AMCAL or AMCAL Affiliates and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable materials.

(c) In the event that the Developer breaches any of the covenants contained in this Section and such default continues for a period of seven (7) 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, shall have the right to enter upon the Development Parcel and perform or cause to be performed all such acts and work necessary to cure the default, or if a period longer than seven (7) and thirty (30) days is reasonably necessary to correct the deficiency, respectively, then the Developer shall begin to correct the deficiency within seven (7) and thirty (30) days, respectively, and correct the deficiency as soon as reasonably possible. Pursuant to such right of entry, the County shall be permitted (but is not required) to enter upon the Development Parcel and perform all acts and work necessary to protect, maintain, and preserve the Development Improvements and landscaped areas on the Development Parcel, and to attach a lien on the Development Parcel, or to assess the Development Parcel, 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, including a ten percent (10%) administrative charge, which amount shall be promptly paid by the Developer to the County upon demand.

(d) The conditions and obligations set forth in this Section shall run with the Development Parcel and shall apply for the entire Term of this Regulatory Agreement.

Section 5.7 Safety Conditions. For the entire Term of this Regulatory Agreement, the Developer shall cause the Management Agent to participate 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 and a Final Certification (Phase V) shall be achieved and maintained by the Management Agent.

(a) The Developer acknowledges that the County places a prime importance on the security of County assisted projects and the safety of the residents and surrounding community. The Developer agrees to implement and maintain throughout the Term the following security measures in the Development:

(1) To the extent feasible employ defensible space design principles and crime prevention measures in the operation of the Development including but not limited to maintaining adequate lighting in parking areas and pathways;

(2) Provide added security including dead-bolt locks for every entry door, and where entry doors are damaged, replace them with solid-core doors.

(b) The County shall have the right to enter on the Property and/or contact the County Sheriff's Department if it becomes aware of or is notified of any conditions that pose a danger to the peace, health, welfare or safety of the Residents and/or the surrounding community, and to perform or cause to be performed such acts as are necessary to correct the condition.

Section 5.8 Insurance. The Developers shall maintain the insurance coverage required under Section 7.11 of the Disposition Agreement throughout the Term.

ARTICLE 6. MISCELLANEOUS

Section 6.1 Term. The provisions of this Regulatory Agreement shall apply to the Property for the entire Term even if the entire County Loan is paid in full prior to the end of the Term. This Regulatory Agreement shall bind any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County makes the County Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

Section 6.2 Lease Provisions. In newly leasing the Units within the Development, Developer shall use a form of lease reasonably approved by the County. The form of lease must comply with all requirements of this Regulatory Agreement, the other County Loan Documents and must, among other matters:

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

(b) Be for an initial term of not less than one (1) year, unless by mutual agreement between the Resident and the Developer, 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 Developer and the Resident. Notwithstanding the above, any rent increases are subject to the requirements of Section 2.3 above.

(c) Include a provision which requires a Resident who is residing in a Unit required to be accessible pursuant to Section 7.20 of the Disposition Agreement 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 Resident or prospective Resident is in need of an accessible Unit.

Section 6.3 Lease Termination. Any termination of a lease or refusal to renew a lease for a Unit within the Development must be preceded by prior written notice (specifying the grounds for the action) from the Developer to the Resident and such notice must be given in conformance with California Civil Code Section 1946.1(b).

Section 6.4 Nondiscrimination. All of the Units shall be available for occupancy on a continuous basis to members of the general public who are income eligible. Developer shall not give preference to any particular class or group of persons in renting the Units, except to the extent that the Units are required to be leased to Extremely Low Income Households, Very Low Income Households or Low Income Households, or pursuant to Section 4.6 above. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income, disability, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor shall Developer or any person claiming under or through the Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of residents, lessees, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of the Development. All deeds, leases or contracts made or entered into by Developer as to the Units or the Development or portion thereof, shall contain covenants concerning discrimination as prescribed by the Disposition Agreement.

Section 6.5 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Developer shall provide by first-class mail, postage prepaid, a notice to all Residents 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 Resident will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Developer shall also file a copy of the above-described notice with the County's Community Development and Housing Director.

(b) In addition to the notice required above, Developer shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11, as such may be amended from time to time. Such notice requirements may 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), which would include the County's Community Development and Housing Director) 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; (4) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

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

Section 6.7 Enforcement by the County. If Developer fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within thirty (30) days after the County has notified the Developer in writing of the default or, if the default cannot be cured within thirty (30) days, and Developer has failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure, the County shall have the right to enforce this Regulatory 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 Promissory Note, accelerate the indebtedness evidenced by the Promissory Note, and proceed with foreclosure under the Leasehold Deed of Trust.

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

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

(d) Cure by Investor Limited Partner. County hereby agrees to accept a cure of any default made or tendered hereunder by Investor Limited Partner on the same terms and conditions as if such cure was made or tendered by the Developer.

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

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

Section 6.10 Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

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

Section 6.12 Amendments. This Regulatory Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Bernardino, California.

Section 6.13 Notice. All notices given or certificates delivered under this Regulatory Agreement shall be in writing and be deemed received on the delivery or refusal date shown on the delivery receipt, if: (i) personally delivered by a commercial service which furnishes signed receipts of delivery; or (ii) mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

County:

Community Development and Housing of 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

Developer:

AMCAL Las Terrazas Fund, L.P.
c/o AMCAL Multi-Housing Inc.
30141 Agoura Rd., Suite 100
Agoura Hills, CA 91301
Attn: President

with a copy to:

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

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.

A copy of all notices delivered to the Developer hereunder shall be delivered simultaneously to the Investor Limited Partner. Within a reasonable period of time after admission to the Developer, Investor Limited Partner shall provide its notice address in writing to the County at the address provided above.

Section 6.14 Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Regulatory Agreement shall not in any way be affected or impaired thereby.

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

Section 6.16 Hold Harmless. The Developer will indemnify and hold harmless (without limit as to amount) the County and its elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of, or relating in any manner to the Development, or the Developer's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent caused by the gross negligence or willful misconduct of the County or any Indemnitees. The provisions of this section shall survive expiration or other termination of this Regulatory Agreement or any release of part or all of the Property from the burdens of this Regulatory Agreement, and the provisions of this section shall remain in full force and effect

Section 6.17 Revival of Agreement after Foreclosure. In the event there is a foreclosure of the Property, this Regulatory 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.

Section 6.18 Tax Credit Program. Notwithstanding anything contained herein to the contrary, for as long as the Property is subject to the requirements of the California and/or Federal Low-Income Housing Tax Credit Program under the provisions of Section 42 of the Code and Section 23610.5 of the California Revenue and Taxation Code, as applicable (collectively, the "Tax Credit Program") and there is a conflict between the requirements of the Tax Credit Program and the affordability provisions set forth in 2.3 above, inclusive, then the provisions of the Tax Credit Program shall prevail. That notwithstanding, the fact that this Regulatory Agreement and the Tax Credit Program provide for greater, lesser or different obligations or requirements shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

[Signature Page Follows]

IN WITNESS WHEREOF, the County and Developer have executed this Regulatory Agreement by duly authorized representatives, all on the date first written above.

DEVELOPER:

AMCAL LAS TERRAZAS FUND, L.P., a California limited partnership

By: AMCAL Multi-Housing, Inc., a California corporation,
its general partner

By: _____
Arjun Nagarkatti, President

[Signature Page Continues]

COUNTY:

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

By: _____
Gregory C. Devereaux, Chief Executive Officer

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: _____
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: _____
Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

The land referred to herein below is situated in the County of San Bernardino, State of California, and is described as follows:

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;

THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;

THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;

THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;

THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;

THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;

THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;

THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT F

FORM OF PROMISSORY NOTE

PROMISSORY NOTE
(Las Terrazas)

\$6,639,137

San Bernardino, California
February 14, 2017

FOR VALUE RECEIVED, AMCAL Las Terrazas Fund, L.P., a California limited partnership (the "Borrower", promises to pay to the County of San Bernardino, a political subdivision of the State of California (the "County"), on order, the principal sum of up to Six Million Six Hundred Thirty-Nine Thousand One Hundred Thirty-Seven Dollars (\$6,639,137) (the "County Loan"), or so much as is disbursed to Borrower, plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences the Borrower's obligation to pay the County the principal amount of up to Six Million Six Hundred Thirty-Nine Thousand One Hundred Thirty-Seven Dollars (\$6,639,137), for funds loaned to the Borrower by the County to finance the acquisition, development and construction of the Affordable Development pursuant to that certain Disposition, Development and Loan Agreement between the County and the Borrower, dated as of February 14, 2017 (the "Disposition Agreement"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Disposition Agreement.

2. Interest.

(a) Interest Rate. Subject to the provisions of Section (b) below, the outstanding principal balance of the County Loan shall bear three percent (3%) simple interest.

(b) Default Rate. In the event of a Default, interest on the County Loan shall begin to accrue, as of the date of Default and continuing until such time as the County Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

3. Term and Repayment Requirements.

(a) The term of the County Loan shall commence on the date of this Note and shall expire fifty-seven (57) years from the Housing Lease commencement date, but in no event later than December 31, 2075.

(b) Commencing on the April 1 following the first full year after the issuance of a Certificate of Completion, and on each April 1 of each year thereafter for the Term, the Borrower shall make repayments of the County Loan in the amount of the County's Prorata Share of Lender's Residual Receipts. Payment of the County's Prorata Share of the Lender's Share of Residual Receipts shall be credited first against unpaid accrued interest, and then against outstanding principal, and shall be accompanied by the Developer's report of Residual Receipts (including the independent auditor's report regarding the auditor's review of Annual Operating Expenses required under Section 3.5 of the Disposition Agreement. This Note may

also be subject to special repayments from Net Excess Proceeds and other payments as set forth in Section 3.5 of the Disposition Agreement.

(c) Repayment of this Note shall be non-recourse to the Borrower pursuant to Section 3.11 of the Disposition Agreement.

4. No Assumption. Except as otherwise provided for in the Disposition Agreement, this Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the County as provided in the Disposition Agreement.

5. Security. This Note is secured by the Leasehold Deed of Trust recorded against the Property and is secured by the Assignment Agreement (as defined in the Disposition Agreement).

6. Terms of Payment.

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to the County Community Development and Housing Agency, at 385 North Arrowhead Ave., Third Floor, San Bernardino, CA 92415-0140, Attention: Community Development and Housing Director or to such other place as the County may from time to time designate in writing.

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

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

(e) 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.

7. Default.

(a) Any of the following shall constitute an Event of Default under this Note:

(1) Any failure to pay, in full, any payment required under this Note when due following written notice by the County of such failure and ten (10) days opportunity to cure;

(2) Any failure in the performance by the Borrower of any term, condition, provision or covenant set forth in this Note subject to the notice and cure period set forth in Section 9.4(a) of the Disposition Agreement; and

(3) The occurrence of any Event of Default under the Disposition Agreement, the Leasehold Deed of Trust, the Regulatory Agreement, the Disposition Agreement, or other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the County pursuant to the Disposition Agreement or the Leasehold Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such 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 shall at the option of the County become immediately due and payable upon written notice by the County to the Borrower without further demand.

(c) The County's failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the County of any payment which is less than the total of all amounts due and payable at the time of such payment shall 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 the County, except as and to the extent otherwise provided by law.

8. Waivers.

(a) The 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. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the County may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the County with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

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

9. Miscellaneous Provisions.

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

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the County in the enforcement of the provision 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 shall be strictly construed, time being of the essence.

(f) This document, together with the County Loan Documents (as defined in the Disposition Agreement), contains the entire agreement between the parties as to the County Loan. This Note may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of February 14, 2017.

BORROWER:

AMCAL LAS TERRAZAS FUND, L.P., a California
limited partnership

By: AMCAL Multi-Housing, Inc., a California
corporation, its general partner

By: _____
Arjun Nagarkatti, President

EXHIBIT G

FORM OF LEASEHOLD DEED OF TRUST

[ADD COUNTY RECORDER'S COVER SHEET]

**LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT**
(Las Terrazas)

**LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT**
(Las Terrazas)

THIS LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Leasehold Deed of Trust") is made as of February __, 2017, by and among AMCAL Las Terrazas Fund, L.P., a California limited partnership ("Trustor"), Fidelity Title Company, a California corporation ("Trustee"), and County of San Bernardino, a political subdivision of the State of California ("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 interest [Note: Covers leasehold interest in the land and fee interest in the improvements] in an approximately 5.4 acre site located on the corner of Valley Boulevard and North Cypress, in the unincorporated area of the County 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 shall 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 (the "Secured Obligations).

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the County Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the County Note. Said County Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Leasehold 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; and

(c) Performance of every obligation, covenant or agreement of Trustor contained herein and in the County Loan Documents (defined in Section 1.2 below).

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

ARTICLE 1.
DEFINITIONS

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

Section 1.1 The term "Disposition and Loan Agreement" means that certain Disposition, Development and Loan Agreement by and between Trustor and Beneficiary, dated as of February __, 2017, as such may be amended, providing for the Beneficiary to loan to the Trustor up to Six Million Four Hundred Nineteen Thousand One Hundred Thirty-Seven Dollars (\$6,419,137) for the development of the Property.

Section 1.1 The term "County Loan Documents" means this Leasehold Deed of Trust, the Note, the Disposition and Loan Agreement, the Regulatory Agreement, the Housing Lease, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.2 The term "Housing Lease" means that certain Ground Lease, by and between Trustor and Beneficiary dated concurrently herewith and a memorandum of which shall be recorded in the official Records of San Bernardino County concurrently herewith.

Section 1.3 The term "Note" means the promissory note in the principal amount not to exceed Six Million Four Hundred Nineteen Thousand One Hundred Thirty-Seven Dollars (\$6,419,137), dated February __, 2017, executed by the Trustor in favor of the Beneficiary, the payment of which is secured by this Leasehold Deed of Trust (the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference).

Section 1.4 The term "Principal" means the amount required to be paid under the Note.

Section 1.5 The term "Regulatory Agreement" means the regulatory agreement by and between the Beneficiary and the Trustor, dated and recorded in the official Records of San Bernardino County concurrently herewith.

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 of the sum owed under the Note, 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 shall have 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 of 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 or record any notices of completion or cessation of labor or any other notice that Beneficiary reasonably deems necessary or desirable to protect its interest in and to the Security or the County Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail 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 shall specify 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 shall require 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 1/2 times the amount of such claim item to protect against a claim of lien.

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, cable, telephone and internet connectivity, or those required by law and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

(a) 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 County 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 sums secured by this Leasehold Deed of Trust 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 County 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 as the same becomes due and payable, including but not limited to rents then due and unpaid, and all such rents shall 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 shall contain 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) Except as previously approved by the Beneficiary as set forth in the Disposition and Loan Agreement or otherwise approved in writing by Beneficiary, 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, and that at the time of execution of this Leasehold 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 covenant 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 County 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 Leasehold 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 Leasehold Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall 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 County Loan Documents shall 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 Leasehold Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be

liable to account only for those rents actually received. Beneficiary shall not be 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.

(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 shall become indebtedness of Trustor to Beneficiary secured by this Leasehold Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3 hereof.

(f) Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Leasehold Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section are subject to the rights of any approved Senior Lender as defined in Section 3.10 of the Disposition and Loan Agreement.

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, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as: (1) the legality thereof shall be 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. 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 may 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 shall 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 shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be 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, shall become an additional obligation of

Trustor to the Beneficiary and shall be 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 County Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Leasehold Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Leasehold Deed of Trust reconveyed.

(b) All such insurance policies and coverages shall 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, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Leasehold Deed of Trust.

Section 3.3 Advances. In the event the Trustor shall fail to maintain the full insurance coverage required by this Leasehold Deed of Trust or shall fail to keep the Security in accordance with the County Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall 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. Subject to the rights of any Senior Lender and the Housing Lease, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) 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 in any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall 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 upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option, but in all events consistent with the terms and conditions of the Disposition and Loan Agreement and the Housing Lease. Subject to the rights of any Senior Lender and the Housing Lease, the Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Leasehold 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, and Beneficiary agrees to release Funds to Trustor to rebuild the Project on the Property provided Trustor demonstrates to Beneficiary that such rebuilding is economically feasible. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Leasehold Deed of Trust. The rights of the Beneficiary under this Section are subject to the rights of any Senior Lender and the terms of the Housing Lease.

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 County 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 below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Leasehold 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; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Leasehold Deed of Trust, and shall 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 Leasehold Deed of Trust shall be deemed to be fixtures and part of the real property and this Leasehold Deed of Trust shall constitute a fixtures filing under the California Uniform Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Leasehold Deed of Trust shall constitute a security agreement under the California Uniform 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 agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such 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 shall deem 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 Leasehold Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the County Loan Documents. Notwithstanding anything to the contrary, leases to tenants in accordance with the Regulatory Agreement shall not be considered a transfer of the any portion of the Security.

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, shall have the right, without payment of charges or fees, to inspect the Security in accordance with the terms and conditions of the Disposition and Loan Agreement or the Housing Lease.

Section 5.8 Nondiscrimination.

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

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

(c) The terms of this Section shall run with the land and survive the termination of this Agreement.

ARTICLE 6.
HAZARDOUS WASTE

Section 6.1 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 kept and used in and about multifamily residential property.

(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 (1) and (2) above hereinafter referred to a "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" under the provision of California Health and Safety Code, Sections 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 shall have 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 agrees to indemnify, protect, hold harmless and defend (by counsel reasonably selected by the Beneficiary) the Beneficiary, its governing board members, officers, representatives, agents, assigns and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Trustor or any other person or entity to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Affordable Development on or after the date of conveyance of the Property to the Trustor; (2) the presence in, on or under the Affordable Development of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Affordable Development to

the extent it arises on or after the date of conveyance of the Property to the Trustor; (3) any activity carried on or undertaken on or off the Affordable Development, subsequent to the conveyance of the Property to the Trustor, and whether by the Trustor or any successor in title or any employees, agents, contractors or subcontractors of the Trustor or any successor in title, or any third persons at any time occupying or present on the Affordable Development, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Affordable Development; the foregoing indemnity shall further apply to any residual contamination on or under the Affordable Development, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

(d) Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall 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 judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be 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 shall notify Beneficiary as soon as practicable of any action so taken.

(e) Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (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.

(f) 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 Leasehold Deed of Trust or any of the other County 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.

(g) 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 Leasehold 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 shall 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 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 rate specified in the Note until paid, shall be added to the indebtedness secured by this Leasehold Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

(h) The Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: "No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

ARTICLE 7. EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The following shall constitute Events of Default following the expiration of any applicable notice and cure periods: (a) failure to make any payment to be paid by Trustor under the County Loan Documents; (b) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the County Loan Documents, including, without limitation, the provisions concerning discrimination; (c) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein.

Section 7.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the County Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be 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 Security 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 which 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 shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Leasehold 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 Leasehold Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), 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 all or any portion of the obligations secured hereby, or provided by law.

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 give notice to the Trustee (the "Notice of Default and Election to Sell") and shall deposit with Trustee this Leasehold Deed of Trust which is secured hereby (and the deposit of which shall 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 Notice of Default and Election to Sell from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Leasehold Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Default and Election to Sell, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine 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 shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(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 amounts owed to Beneficiary under the County 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 shall have occurred and be 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, shall have the right to 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 shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall 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 Leasehold Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy 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 shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Leasehold 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 a breach by Trustor, or a waiver of any obligation of Trustor hereunder shall 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, shall 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 the Secured Obligations; (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 County Loan Documents; (4) releases any part of the Security from the lien of this Leasehold Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the County 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 shall not release, discharge, modify, change or affect the original liability under this Leasehold 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 shall 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 shall the lien of this Leasehold Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. The Beneficiary shall have 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 Leasehold Deed of Trust; (b) preserve or protect its interest (as described in this Leasehold 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 Trustee, to the extent permitted by law, shall 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 which may become 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 Leasehold Deed of Trust.

ARTICLE 8. MISCELLANEOUS

Section 8.1 Amendments. This instrument 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 upon surrender of this Leasehold 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. If at any time after the execution of this Leasehold Deed of Trust it shall become 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 shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid; and if intended for Beneficiary shall be addressed to:

Beneficiary:

Community Development and Housing Department - 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 (ii) if intended for Trustor shall be addressed to:

AMCAL Las Terrazas Fund, L.P.
c/o AMCAL Multi-Housing, Inc.
30141 Agoura Rd., Suite 100
Agoura Hills, CA 91301
Attn: President

with a copy to:

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

With a copy to Investor Limited Partner at the address to be provided by the Trustor.

any notice, demand or communication shall 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.

Copies of notices to Trustor from the Beneficiary shall also be provided by the Beneficiary to any limited partner of Trustor who requests such notice in writing and provides the Beneficiary with written notice of its address in accordance with this Section.

Section 8.4 Successors and Joint Trustors. Where an obligation created herein is binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Leasehold Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligations of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligations 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 Leasehold Deed of Trust.

Section 8.6 Invalidity of Certain Provisions. Every provision of this Leasehold 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 shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Leasehold 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, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Leasehold Deed of Trust.

Section 8.7 Governing Law. This Leasehold Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number. In this Leasehold Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage. Any reference in this Leasehold Deed of Trust to a mortgage shall also refer to a Leasehold Deed of Trust and any reference to a Deed of Trust shall also refer to a mortgage.

Section 8.10 Actions. Trustor agrees to 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 shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Leasehold 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, shall 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 Leasehold 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 Leasehold 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 pending sale under this Leasehold Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

[Signature Page Follows]

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

TRUSTOR:

AMCAL LAS TERRAZAS Fund, L.P., a California limited partnership

By: AMCAL Multi-Housing, Inc., a California corporation, its general partner

By: _____
Arjun Nagarkatti, President

[Signatures 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: _____
Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

The land referred to herein below is situated in the County of San Bernardino, State of California, and is described as follows:

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;

THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;

THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;

THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;

THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;

THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;

THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;

THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT H

MEMORANDUM OF DDA

[ADD COUNTY RECORDER'S COVER SHEET]

**MEMORANDUM OF DISPOSITION,
DEVELOPMENT AND LOAN AGREEMENT**

**MEMORANDUM OF DISPOSITION,
DEVELOPMENT AND LOAN AGREEMENT**

THIS MEMORANDUM OF DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT (the "Memorandum") is made as of _____, 20__, by and between the County of San Bernardino, a political subdivision of the State of California (the "County"), AMCAL Las Terrazas Fund, L.P., a California limited partnership (the "Developer"), to confirm that the named parties have entered into that certain Disposition, Development and Loan Agreement dated as of February __, 2017, as such may be amended as may be from time to time (the "Agreement"). The Agreement imposes certain conditions (including but not limited to, construction requirements, operating and use restrictions and covenants, and transfer restrictions) on the real property located in the County of San Bernardino described in Exhibit A attached hereto and incorporated herein (the "Property"). The Agreement is a public document and may be reviewed at the principal office of the County.

This Memorandum shall incorporate herein all of the terms and provisions of the Agreement as though fully set forth herein. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Agreement, of which this is a memorandum.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

DEVELOPER:

AMCAL LAS TERRAZAS FUND, L.P., a
California limited partnership

By: AMCAL Multi-Housing, Inc., a California
corporation, its general partner

By: _____
Arjun Nagarkatti, President

COUNTY:

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

By: _____
Gregory C. Devereaux
Chief Executive Officer

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

By: _____
Michelle Blakemore,
Chief Assistant County Counsel

Date: _____

[SIGNATURES 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: _____
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: _____
Notary Public

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THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

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PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

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EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

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THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

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APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT I

MEMORANDUM OF HOUSING LEASE

[ADD COUNTY RECORDER'S COVER SHEET]

MEMORANDUM OF GROUND LEASE
(Las Terrazas)

MEMORANDUM OF GROUND LEASE
(Las Terrazas)

THIS MEMORANDUM OF GROUND LEASE (the "Memorandum") is made as of _____, 20__, by and between the County of San Bernardino, a political subdivision of the State of California (the "Lessor"), and AMCAL Las Terrazas Fund, L.P., a California limited partnership ("Lessee") with respect to that certain Ground Lease dated _____, 20__ (the "Housing Lease"), between Lessor and Lessee.

Pursuant to the Housing Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor certain unimproved real property situated in the County of San Bernardino, California, more specifically described on Exhibit A attached hereto (the "Leased Premises"), upon which Lessee has agreed to construct a one hundred twelve (112) multifamily rental housing development with related facilities and improvements to be known as Las Terrazas Apartments (the "Development").

The Housing Lease commences on the date on which this Memorandum is recorded against the Leased Premises (the "Commencement Date"). The Housing Lease shall continue in full force and effect for a term (the "Term"), commencing on the Commencement Date, and expiring on the fifty-seventh (57th) anniversary of the Commencement Date, but in no event later than December 31, 2075.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

LESSEE:

AMCAL LAS TERRAZAS FUND, L.P., a California limited partnership

By: AMCAL Multi-Housing, Inc., a California corporation, its general partner

By: _____
Arjun Nagarkatti, President

LESSOR:

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

By: _____
Gregory C. Devereaux
Chief Executive Officer

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

By: _____
Michelle Blakemore,
Chief Assistant County Counsel

Date: _____

[Signatures 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: _____

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: _____

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Real property in the County of San Bernardino, State of California, described as follows:

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;
THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;
THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF BEGINNING;
THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;
THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;
THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;
THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;
THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

EXHIBIT J

FORM OF RESIDUAL RECEIPTS REPORT

EXHIBIT J

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, Deferred Developer Fee)	(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)

EXHIBIT K

SPECIAL TERMS AND CONDITIONS

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 sub paragraph (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.

EXHIBIT L

FORM OF CERTIFICATE OF COMPLETION

[ADD COUNTY RECORDER'S COVER SHEET]

FORM OF CERTIFICATE OF COMPLETION

CERTIFICATE OF COMPLETION
(Las Terrazas)

Pursuant to Section 6.13 of that certain Land Disposition, Development and Loan Agreement dated as of February 14, 2017, a memorandum of which is recorded in the official records (the "Official Records") on _____, 20__ as document number _____, as such may be amended (the "Disposition Agreement"), entered into by and between the County of San Bernardino (the "County"), and AMCAL Las Terrazas Fund, L.P., a California limited partnership, the County certifies that the lessee (the "Lessee") of the real property more particularly described in Exhibit A (the "Property") has met its obligations under Article 7 of the Disposition Agreement regarding the construction of certain improvements on the Property, and has met its various obligations specified in Article 4, Article 5, and Article 6. **[NOTE: County to confirm obligations in enumerated articles and sections have been met prior to issuing Certificate of Completion.]**

This Certificate of Completion shall serve as conclusive evidence that the Lessee has completed construction and development of all the improvements on the Property, including on-site and off-site improvements, required under Article 7 of the Disposition Agreement and has met its various obligations specified in Article 4, Article 5, and Article 6. **[NOTE: County to confirm obligations in enumerated articles and sections have been met prior to issuing Certificate of Completion.]**

All other rights, remedies and controls of the County with respect to the requirements of the Disposition Agreement not listed above, shall continue for the Term of the Disposition Agreement or as otherwise specified therein.

This Certificate of Completion shall not constitute evidence of compliance with, or satisfaction of, any obligation of the Lessee to any holder of a Security Financing Interest, including, but not limited to, the holder of a deed of trust securing money loaned to finance the Property, or any part thereof, and shall not be deemed to be either a notice of completion under the California Civil Code or a certificate of occupancy. This Certificate of Completion shall not constitute evidence of compliance with the prevailing wage requirements of California Labor Code Sections 1720 et seq., or the requirements set forth in Section 6.10 of the Disposition Agreement.

Capitalized terms used in this Certificate of Completion which are not defined herein shall have the meanings given such terms in the Disposition Agreement.

[Signature Page Follows]

COUNTY:

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

By: _____
Gregory C. Devereaux, Chief Executive Officer

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By: _____
Deputy

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

By: _____
Michelle Blakemore
Chief Assistant County Counsel

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A: (APN: 0274-182-34-0-000)

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN [BOOK 11, PAGE 9, OF MAPS](#), AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTER LINE OF CYPRESS STREET AND "I" STREET AS SHOWN ON SAID MAP;

THENCE NORTH 279 FEET ALONG THE CENTER LINE OF CYPRESS AVENUE;

THENCE WEST 30 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO THE TRUE POINT OF-BEGINNING;

THENCE WEST 200 FEET PARALLEL WITH THE CENTER-LINE OF "I" STREET;

THENCE NORTH 94 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS AVENUE;

THENCE EAST 200 FEET PARALLEL WITH THE CENTER LINE OF "I" STREET TO A POINT IN THE WEST LINE OF CYPRESS AVENUE AS THE SAME NOW EXISTS;

THENCE SOUTH 94 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 45 FEET.

PARCEL B: (APN: 0274-182-43-0-000)

PARCEL 2 OF PARCEL MAP 8726, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 89, PAGE\(S\) 23 OF PARCEL MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN: 0274-182-46-0-000)

PARCEL C-1:

THAT PORTION OF LOT 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), DESCRIBED AS FOLLOWS:

COMMENCING 50' NORTH AND 30' WEST OF THE INTERSECTION OF CYPRESS AND "I" STREETS;

THENCE WEST 200', NORTH 155', EAST 200', AND SOUTH 155' TO THE POINT OF BEGINNING.

PARCEL C-2:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#) AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDINANCE OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY ADJOINING SAID BLOCK 43 OF THE EAST, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS NORTHERLY 205 FEET MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP; AND WESTERLY, 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTIONS OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "I" STREET ALONG THE SOUTHERLY LINE OF THAT

EXHIBIT A
(Continued)

PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7, IN THE DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958, IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#) A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL, DESCRIBED AS PARCEL NO. 1 IN THE DEED RECORDED [MARCH 20, 1978 IN BOOK 9392, PAGE 1284 OFFICIAL RECORD](#); THENCE NORTH ALONG THE EAST LINE OF SAID HERBERT E. ROWLEY PROPERTY, 74 FEET PARALLEL WITH THE CENTER LINE OF CYPRESS STREET, TO THE NORTHEAST CORNER THEREOF; THENCE EASTERLY PARALLEL WITH THE CENTERLINE OF "I" STREET, 155 FEET TO A POINT ON THE WEST LINE OF CYPRESS AVENUE, AS SAME NOW EXISTS; THENCE SOUTH ALONG THE WEST LINE OF CYPRESS AVENUE, 74 FEET TO THE POINT OF BEGINNING.

SAID LEGAL DESCRIPTION IS PURSUANT TO THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. E0041-84 M.S. NO. LLA/E84F-0041 AS APPROVED BY THE ENVIRONMENTAL PUBLIC WORKS AGENCY, LAND MANAGEMENT DEPARTMENT OF THE COUNTY OF SAN BERNARDINO AS EVIDENCED BY DOCUMENT RECORDED [MARCH 9, 1984 AS INSTRUMENT NO. 84-055456 OFFICIAL RECORDS](#).

PARCEL C-3:

THAT PORTION OF BLOCK 43, ORANGE LAND AND WATER COMPANY'S ADDITION TO THE CITY OF COLTON, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF, RECORDED IN [BOOK 11 OF MAPS, PAGE 9](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF THE WEST 10 FEET OF CYPRESS AVENUE, VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, ADJOINING SAID BLOCK 43 ON THE EAST DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTHERLY 205 FEET, MEASURED ALONG THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID MAP, AND WESTERLY 30 FEET ON A LINE PARALLEL WITH THE CENTERLINE OF "I" STREET, MEASURED FROM THE INTERSECTION OF SAID CENTERLINES; THENCE WESTERLY PARALLEL WITH SAID CENTERLINE OF "L" STREET, ALONG THE SOUTHERLY LINE OF THAT PARCEL DESCRIBED AS THE 1ST PARCEL UNDER ITEM NO. 7 IN THAT DECREE OF DISTRIBUTION RECORDED [JULY 28, 1958 IN BOOK 4564, PAGE 67 OFFICIAL RECORDS](#), A DISTANCE OF 155 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN PROPERTY CONVEYED TO HERBERT E. ROWLEY, ET AL., DESCRIBED AS PARCEL NO. 1 IN DEED RECORDED [MARCH 20, 1978 IN BOOK 9392 PAGE 1284 OFFICIAL RECORDS](#) OF SAID COUNTY SAID POINT BEING THE TRUE POINT OF BEGINNING OF THAT LEGAL TO BE DESCRIBED;

THENCE CONTINUING WEST (N 86° 03' 45" WEST) ALONG SAID PROLONGATION 45.00 FEET;

THENCE NORTH (N 04° 08' 00" EAST) 74.00 FEET MORE OR LESS;

THENCE EAST (N 86° 06' 40" WEST) 45.00 FEET;

THENCE SOUTH (N 04° 08' 00" EAST) 74.04 FEET MORE OR LESS TO THE TRUE POINT OF BEGINNING.

APN: 0274-182-34-0-000, 0274-182-43-0-000, 0274-182-46-0-000, (NEW APN: 0274-182-47-0-000)

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: _____
Notary Public

EXHIBIT M

FORM OF VENDOR DIRECT DEPOSIT AGREEMENT



VENDOR DIRECT DEPOSIT AGREEMENT FORM INSTRUCTIONS

Purpose of Form

This form will register your organization for automated electronic payments. Instead of creating a paper warrant, the County will make direct deposits to your organization's designated checking account (saving accounts cannot be used). Please note that the e-mailed payment information (remittance advice) will be sent out separately from the electronic payment and in most instances will arrive ahead of the direct deposit.

Effective Aug. 1, 2007, vendors who have new or amended County contracts are required to accept all payments from the County via electronic funds transfer (EFT.)

For direct deposits from the County of San Bernardino, your organization or the person authorized by your organization must have an e-mail address where remittance advice information will be sent. County contractors must maintain continued enrollment in order to remain eligible. Vendors without contracts may cancel direct deposit authorization at any time by providing written notification to the County at the address below.

Auditor-Controller/Treasurer/Tax Collector's Office
Accounts Payable
222 Hospitality Lane, 4th Floor
San Bernardino, CA 92415-0018

Instructions for Vendor Direct Deposit Agreement (form on next page)

1. Enter the e-mail address(es) where remittance advice information can be sent. Organizations receiving automated payments from San Bernardino County must have an e-mail address.
2. Fill in requested information (i.e. correct billing address, federal tax identification number, and banking data). The financial institution's ABA or routing number can be found on the bottom left section of your checks between these symbols Ψ : _ _ _ - _ _ _ Ψ : The bank account number can normally be found at the bottom of checks in the section on the right.
3. Enter the name and telephone number of someone in your organization that the County can call if we have questions about the information contained on the *Direct Deposit Agreement* form.
4. Tape a voided (**original**) check on the account listed in the space provided. If one cannot be provided, banking information must be substantiated on the vendor's letterhead, signed by an individual of appropriate authority.
5. Complete the authorization section. A person authorized by the organization to approve deposits (credits), and/or corrections to the previous credits for the listed account must sign the "*Vendor Direct Deposit Agreement*" before direct deposits may begin.
6. Return the form (signed **original**) to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector's Office Accounts Payable section at the address above.

Please inform the County of any changes in your banking information or e-mail address. Updates are essential to ensuring timely deposits and e-mail notifications.

If you have any questions about this form or our direct deposit system, please call us at 909-386-8809.



**San Bernardino County
FAS VENDOR DIRECT DEPOSIT AGREEMENT**

CHECK ONE: ☐ New ☐ Amended ☐ Cancel

E-mail Address(es) (MANDATORY)

REMITTANCE ADDRESS

Name		
Address Line 1		
Address Line 2		
City	State	Zip
Federal Tax ID/ Social Security #		

CHECKING ACCOUNT INFORMATION

Bank Name	Acct Name (as on stmt)	
Bank Address1		
Bank Address2		
City	State	Zip
ABA (Routing #)	Account Number	

Contact Name	Telephone ()
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**TAPE VOIDED ORIGINAL PREPRINTED
CHECK HERE.
COPIES WILL NOT BE ACCEPTED.**

If a check cannot be provided, banking
information must be substantiated on the
vendor's letterhead, signed by an individual of
appropriate authority.

I am authorized by the organization listed above to approve deposits (credits) to the organization's account listed above. I hereby authorize the County of San Bernardino to initiate deposits (credits) to the financial institution indicated herein. The financial institution is authorized to credit amounts to this organization's account. This authority will remain in full force and effect until the County has received written notification from our organization in the form of a new Agreement, canceling this Agreement in such time and such manner as to afford the County and the depositor a reasonable opportunity to act on it. **(No mark outs or alterations to this paragraph will be accepted. Signed original must be forwarded)**

Name (Print)	Title	Telephone ()
Signature	Company	Date

Vendor Code

Mail to: Auditor-Controller/Treasurer/Tax Collector
Accounts Payable Section
268 West Hospitality Lane 4th floor
San Bernardino, CA 92415-0018

Office Use Only

Reviewed By	Date	Keyed By	Date

Verified By	Date