

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

No fee for recording pursuant to
Government Code Section 27383

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(Ohlone Gardens Apartments)
(HOME and HOPWA Funds)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated _____, 2014 and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and Ohlone Gardens, L.P., a California limited partnership ("Borrower").

RECITALS

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

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

C. The County has received Housing Opportunities for Persons with AIDS Program funds from HUD pursuant to the HOPWA program ("HOPWA Funds"). The HOPWA Funds are available to and administered by the County, as the subrecipient of the City of Oakland, which is the representative for the Alameda-Contra Costa County Eligible Metropolitan Area. The HOPWA Funds must be used by the County in accordance with 24 C.F.R. Part 574.

D. Borrower is the owner of that certain real property located at 6431 and 6495 Portola Drive in the City of El Cerrito, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct fifty-six (56) multifamily housing units on the Property, fourteen (14) of which will be for rental to extremely low income households, and one (1) manager's unit (the "Development"). The Development, as well as all

landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

E. Pursuant to a HOME and HOPWA Loan Agreement by and between the County and Borrower of even date herewith (the "Loan Agreement"), the County is lending Borrower One Million Four Hundred Forty Thousand Dollars (\$1,440,000) of HOME Funds (the "HOME Loan") and Seven Hundred Fifty Thousand Dollars (\$750,000) of HOPWA Funds (the "HOPWA Loan") for a total loan amount of Two Million One Hundred Ninety Thousand Dollars (\$2,190,000) (the "Loan").

F. The County has the authority to lend the Loan to Borrower pursuant to Government Code Section 26227, which authorizes counties to spend county funds for programs that will further a county's public purposes. In addition, the County has the authority to loan (i) the HOME Funds pursuant to 24 C.F.R. 92.205 and (ii) the HOPWA Funds pursuant to 24 C.F.R. 574.300.

G. The County has agreed to make the Loan on the condition that Borrower maintain and operate the Development in accordance with restrictions set forth in this Agreement and in the related documents evidencing the Loan.

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

The parties therefore agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

1.1 Definitions.

The following terms have the following meanings:

(a) "Actual Household Size" means the actual number of persons in the applicable household.

(b) "Adjusted Income" means, (i) with respect to the Tenant of each HOPWA Unit, the Tenant's total anticipated annual income as defined in 24 CFR 5.609 and calculated pursuant to 24 CFR 5.611, and as further referenced in 24 CFR 574.310(d)(1), and (ii) with respect to the Tenant of each HOME-Assisted Unit the Tenant's total anticipated annual income as defined in 24 CFR 5.609 and calculated pursuant to 24 CFR 5.611, and as further referenced in 24 CFR 92.203(b)(1).

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

(d) "Assumed Household Size" means the household size "adjusted for family size appropriate to the unit" as such term is defined in Health & Safety Code Section 50052.5(h).

(e) "City" means the City of El Cerrito, California, a municipal corporation.

(f) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.

(g) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Borrower, as trustor, North American Title Company, as trustee, and the County, as beneficiary, that encumbers the Property to secure repayment of the Loan and Borrower's performance of the Loan Documents.

(h) "Development" has the meaning set forth in Paragraph D of the Recitals.

(i) "Extremely Low Income Household" means a household (i) with an Adjusted Income that does not exceed thirty percent (30%) of Median Income, adjusted for Actual Household Size, and (ii) that is not an individual student not eligible to receive Section 8 assistance under 24 C.F.R. 5.612.

(j) "Extremely Low Income Rent" means the maximum allowable rent for an Extremely Low Income Unit pursuant to Section 2.2(b) below.

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

(l) "HOME" means the Home Investment Partnerships Act Program funded pursuant to the Cranston-Gonzales National Housing Act of 1990.

(m) "HOME-Assisted Units" means the fourteen (14) HOME-Assisted Units that are (i) restricted to occupancy by Extremely Low Income Households (which, during the HOPWA Term, includes five (5) HOPWA Units), and (ii) are "floating" Units as defined in 24 C.F.R. 92.252(j).

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

(o) "HOME Loan" has the meaning set forth in Paragraph E of the Recitals.

(p) "HOME Regulations" means the regulations set forth in 24 C.F.R. Part 92.

(q) "HOME Term" means the period beginning on the Completion Date and ending on the twenty-first (21st) anniversary of the date of the Completion Date.

(r) "HOPWA" means the Housing Opportunities for Persons with AIDS Program pursuant to the AIDS Housing Opportunity Act (42 USC 12901 et. seq.), as amended by the Housing and Community Development Act of 1992 (42 USC 5301 et. seq.).

(s) "HOPWA Eligible Household" means a household that (i) includes at least one Person with HIV/AIDS, and (ii) satisfies the definition of an Extremely Low Income Household.

(t) "HOPWA Funds" has the meaning set forth in Paragraph C of the Recitals.

(u) "HOPWA Loan" has the meaning set forth in Paragraph E of the Recitals.

(v) "HOPWA Regulations" means the regulations set forth in 24 C.F.R. Part 574.

(w) "HOPWA Term" means the period beginning on the date of this Agreement and ending on the tenth (10th) anniversary of the date of this Agreement, unless earlier terminated pursuant to Section 2.4.

(x) "HOPWA Units" has the meaning set forth in Section 2.1(a)(1).

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

(z) "Improvements" has the meaning set forth in Paragraph D of the Recitals.

(aa) "Intercreditor Agreement" means that certain intercreditor agreement of even date herewith among the City, the County, and Borrower.

(bb) "Loan" has the meaning set forth in Paragraph E of the Recitals.

(cc) "Loan Agreement" has the meaning set forth in Paragraph E of the Recitals.

(dd) "Loan Documents" means the documents evidencing the Loan including this Agreement, the Note, the Loan Agreement, the Intercreditor Agreement, and the Deed of Trust.

(ee) "Low Income Household" means a Tenant with an Adjusted Income that does not exceed eighty percent (80%) of Median Income, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than eighty percent (80%) of Median Income on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, as such definition may be amended pursuant to 24 C.F.R. Section 92.2.

(ff) "Marketing Plan" has the meaning set forth in Section 4.3(a).

(gg) "Median Income" means the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of Contra Costa, 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 Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

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

(ii) "Person with HIV/AIDS" means a person with the disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agent for acquired immunodeficiency syndrome, including infection with the human immunodeficiency virus (HIV), as confirmed by a certification of HIV-positive test status to be delivered to and maintained on file by Borrower as such definition may be amended as set forth in 24 C.F.R. 574.3.

(jj) "Property" has the meaning set forth in Paragraph D of the Recitals.

(kk) "Remainder Term" means the period that begins on the date the HOPWA Term expires or is terminated by the County pursuant to Section 2.5, and ends on the last day of the Term.

(ll) "Rent" means the total monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities; any separately charged fees or service charges assessed by Borrower which are customarily charged in rental housing and required of all Tenants (subject to the limitations set forth in 24 C.F.R. 92.214(b)(3)), other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Borrower, and paid by the Tenant.

(mm) "Social Services Plan" has the meaning set forth in Section 4.3(c).

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

(oo) "Tenant Selection Plan" has the meaning set forth in Section 4.3(b).

(pp) "Term" means the term of this Agreement which commences as of the date of this Agreement, and unless sooner terminated pursuant to the terms of this Agreement, expires on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of this Agreement.

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

ARTICLE 2 AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Extremely Low Income Units.

(1) During the HOPWA Term, Borrower shall cause five (5) Units to be rented to and occupied by or, if vacant, available for occupancy by, HOPWA-Eligible Households (such units, the "HOPWA Units").

(2) During the HOPWA Term, in addition to the HOPWA Units, Borrower shall cause nine (9) Units to be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households, which households are not required to be HOPWA-Eligible Households.

(3) During the Remainder Term, Borrower shall cause fourteen (14) Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households, which households are not required to be HOPWA-Eligible Households.

(b) Intermingling of Units. Borrower shall cause the HOME-Assisted Units to be intermingled throughout the Development and of comparable quality to all other Units. All Tenants must have equal access to and enjoyment of all common facilities in the Development.

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

(d) HOME-Assisted Unit Compliance Deadline. Each HOME-Assisted Unit must be rented to and occupied by an Extremely Low Income Household pursuant to this Section 2.1 on or before the date that occurs eighteen (18) months after the Completion Date. If Borrower fails to comply with this requirement, Borrower shall repay a portion of the HOME Loan, with interest, in accordance with Section 2.9(c) of the Loan Agreement.

2.2 Allowable Rent.

(a) HOPWA Rent.

(1) During HOPWA Term. Subject to the provisions of Section 2.4 below and notwithstanding subsection 2.2(b) below, the total monthly Rent paid by a Tenant of a HOPWA Unit during the HOPWA Term may not exceed the amount that is equal to the greater of:

(A) thirty percent (30%) of the household's monthly Adjusted Income, as adjusted pursuant to 24 C.F.R. 574.310(d)(1);

(B) ten percent (10%) of the household's monthly gross income; and

(C) if the household is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the household's actual housing costs, is specifically designated by the agency to meet the household's housing costs, the portion of the payments that is so designated.

(2) Following Expiration of the HOPWA Term. Subject to the provisions of Section 2.4 below the Rent paid by a HOPWA Eligible Household that occupies a HOPWA Unit during the HOPWA Term and that continues to reside in the Unit following the expiration of the HOPWA Term, must be equal to the amount specified in Section 2.2(a)(1).

(3) Following Termination of the HOPWA Term. Subject to the provisions of Section 2.4 below, the Rent paid by a HOPWA Eligible Household that occupies a HOPWA Unit during the HOPWA Term and that continues to reside in the Unit following the termination of the HOPWA Term pursuant to Section 2.5 below, must be equal to the amount specified in Section 2.2(b).

(b) Extremely Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by Tenants of Extremely Low Income Units may not exceed one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

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

2.3 Rent Increases.

(a) Rent Amount. The initial Rent for all HOME-Assisted Units must be approved by the County prior to occupancy. The County will provide Borrower with a schedule of maximum permissible Rents for the HOME-Assisted Units and the maximum monthly allowances for utilities and services (excluding telephone) annually.

(b) Rent Increases. All Rent increases for all HOME-Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a County-Assisted Unit, Borrower shall submit to the County a schedule of any proposed increase in the Rent charged for HOME-Assisted Units. The Rent for such Units may be increased no more than once annually based upon the annual income certification described in Article 3. The County will disapprove a Rent increase if it violates the schedule of maximum permissible Rents for the HOME-Assisted Units provided to Borrower by the County, or is greater than a 5% increase over the previous year's Rent. Borrower shall give Tenants written notice at least thirty (30) days prior to any Rent increase, following completion of the County approval process set forth above.

2.4 Increased Income of Tenants.

(a) Increased Income of HOPWA Eligible Household During HOPWA Term. If upon the annual certification of the income of a HOPWA Eligible Household during the HOPWA Term, Borrower determines that the Tenant has an Adjusted Income exceeding the maximum qualifying income of an Extremely Low Income Household, the Tenant may continue to occupy the Unit and Borrower shall continue to charge such Tenant Rent consistent with Section 2.2(a)(1) above. Borrower shall then rent the next available HOPWA Unit to an Extremely Low Income Household that is also a HOPWA Eligible Household, to comply with the requirements of Section 2.1(a)(1) above. Any Rent increase is subject to Section 2.3 above.

(b) Increased Income above Extremely Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit during the Term, Borrower determines that the Tenant's income has increased above the qualifying limit for an Extremely Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and Borrower shall continue to charge such Tenant Extremely Low Income Rent. Borrower shall then (i) rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(a)(2) or Section 2.1(a)(3), as applicable, at a Rent not exceeding Extremely Low Income Rent, or (ii) designate another comparable Unit that is occupied by an Extremely Low Income Household as an Extremely Low Income Unit, to comply with the requirements of Section 2.1(a)(2) or Section 2.1(a)(3), as applicable. On the day that Borrower complies with Section 2.1(a)(2) or Section 2.1(a)(3), as applicable, in accordance with this Section 2.4(b), the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(c) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a HOME-Assisted Unit that is not a HOPWA Unit, Borrower determines that the Tenant's income has increased above the qualifying limit for a Low Income Household, the Tenant may continue to occupy the Unit. Upon the expiration of such Tenant's lease, Borrower shall:

(1) With 60 days' advance written notice, increase such Tenant's Rent to the lesser of (i) one-twelfth (1/12) of thirty percent (30%) of the actual Adjusted Income of the Tenant, 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 to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or designate another comparable Unit that is occupied by an Extremely Low Income Household as a HOME-Assisted Unit, to meet the requirements of Section 2.1 above. On the day that Borrower complies with Section 2.1 in accordance with this Section 2.4(d), the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

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

2.5 Cure for AIDS. If, in the sole determination of the County, there is a cure for AIDS and therefore no need for the HOPWA Units, the County shall provide to Borrower a written notice that sets forth the termination date of the HOPWA Term.

2.6 Units Available to the Disabled. Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et seq.), a minimum of three (3) Units must be fully accessible to households with a mobility impaired member and an additional one (1) Unit must be fully accessible to hearing and/or visually impaired persons.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

(a) Borrower shall obtain, complete, and maintain on file, within sixty (60) days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the HOME-Assisted Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by the applicant or occupying household, as the case may be, in an income certification. To verify the information, Borrower shall take two or more of the following steps: (i) obtain a pay stub for the most recent pay period; (ii) obtain an income tax return for the most recent tax year; (iii) conduct a credit agency or similar search; (iv) obtain an income verification form from the applicant's current employer; (v) 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 (vi) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Where applicable, Borrower shall examine at least two (2) months of relevant source documentation. Copies of Tenant income certifications are to be available to the County upon request.

(b) For each HOPWA Unit during the HOPWA Term, Borrower shall obtain, complete, and maintain on file, immediately prior to initial occupancy and annually thereafter, a certification from the Tenant that the HOPWA Unit is occupied by a HOPWA Eligible Household.

3.2 Reporting Requirements.

(a) Borrower shall submit to the County within one hundred eighty (180) days after the Completion Date, and not later than forty-five (45) days after the close of each calendar year, or such other date as may be requested by the County, a report that includes the following data for each Unit and specifically identifies which Units are HOME-Assisted Units: (i) Tenant income, (ii) the number of occupants, (iii) the Rent, (iv) the number of bedrooms, and (v) the initial address of each Tenant. To demonstrate continued compliance with Section 2.1 Borrower shall cause each annual report after the initial report to include a record of any subsequent Tenant substitutions and any vacancies in HOME-Assisted Units that have been filled.

(b) Borrower shall submit to the County within forty-five (45) days after receipt of a written request, or such other time agreed to by the County, any other information or completed forms requested by the County in order to comply with reporting requirements of HUD, the State of California, and the County.

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

3.4 HOME Record Requirements. During the HOME Term all records maintained by Borrower pursuant to this Agreement are to be (i) maintained in compliance with all applicable HUD records and accounting requirements, and (ii) open to and available for inspection and copying by HUD and its authorized representatives at reasonable intervals during normal business hours; provided however, records pertaining to Tenant income verifications, Rents, and Development inspections are subject to HUD inspection for five (5) years after expiration of the HOME Term. Borrower is subject to the audit requirements set forth in 24 CFR 92.505 during the HOME Term.

3.5 HOPWA Record Requirements. During the HOPWA Term all records maintained by Borrower pursuant to this Agreement for the HOPWA Units are to be (i) maintained in compliance with all applicable HUD records and accounting requirements (including those set out in 24 C.F.R. 574.450 and 24 C.F.R. 574.530), and (ii) open to and available for inspection and copying by HUD and its authorized representatives at reasonable

intervals during normal business hours; provided however, records pertaining to Tenant income verifications, Rents, and Development inspections are subject to HUD inspection for five (5) years after expiration of the HOPWA Term. Borrower is subject to the audit requirements set forth in 24 CFR 574.650 during the HOPWA Term.

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

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development (excluding ground floor commercial space) for residential use only. No part of the Development may be operated as transient housing.

4.2 Compliance with Loan Documents and Program Requirements. Borrower's actions with respect to the Property shall at all times be in full conformity with: (i) all requirements of the Loan Documents; (ii) all requirements imposed on projects assisted with HOME Funds as contained in 42 U.S.C. Section 12701, et seq., 24 C.F.R. Part 92, and other implementing rules and regulations; (iii) all requirements imposed on projects assisted under the HOPWA Program as contained in 42 U.S.C. Section 12901, et seq., 24 C.F.R. Part 574, and other implementing rules and regulations; and (iv) any other regulatory requirements imposed on the Development.

4.3 Marketing Plan and Social Services Plan.

(a) Marketing Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for marketing the Development to income-eligible households and HOPWA Eligible Households as required by this Agreement (the "Marketing Plan"). The Marketing Plan must include information on affirmative marketing efforts and compliance with fair housing laws and 24 C.F.R. 92.351(a).

(2) Upon receipt of the Marketing Plan, the County will promptly review the Marketing Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Marketing Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Marketing Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County. If the Borrower does not submit a revised Marketing Plan that is approved by the County at least three (3) months prior to the date completion of the Development is projected to be complete, Borrower will be in default of this Agreement.

(3) If any HOME-Assisted Units have not been rented to an Extremely Low Income Household on or before the date that is five (5) months after the Completion Date Borrower shall submit to the County a detailed report of ongoing marketing efforts, and if deemed appropriate by the County, any necessary amendments or updates to the Marketing Plan to cause the vacant HOME-Assisted Units to be rented to Extremely Low Income Households in compliance with Section 2.1.

(4) If any HOME-Assisted Units have not been rented to an Extremely Low Income Household on or before the date that is twelve (12) months after the Completion Date Borrower shall submit to the County a detailed report of ongoing marketing efforts, and if deemed appropriate by the County, any necessary amendments or updates to the Marketing Plan to cause the vacant HOME-Assisted Units to be rented to Extremely Low Income Households in compliance with Section 2.1.

(b) Tenant Selection Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County, for its review and approval, Borrower's written tenant selection plan (the "Tenant Selection Plan"). Borrower's Tenant Selection Plan must, at a minimum, meet the requirements for tenant selection set out in 24 C.F.R. Part 574 and 24 C.F.R. 92.253(d), and any modifications thereto.

(2) Upon receipt of the Tenant Selection Plan, the County will promptly review the Tenant Selection Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Tenant Selection Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Tenant Selection Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Tenant Selection Plan until the Tenant Selection Plan is approved by the County. If the Borrower does not submit a revised Tenant Selection Plan that is approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this Agreement.

(c) Social Services Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval its plan for providing social services from qualified service providers to the HOPWA Eligible Households of the Development as required by 24 C.F.R. Section 574.310(a)(1) and this Agreement (the "Social Services Plan").

(2) Upon receipt of the Social Services Plan, the County will promptly review the Social Services Plan and will approve or disapprove it within fifteen (15) days after receipt. If the Social Services Plan is not approved, the County will give Borrower specific reasons for such disapproval and Borrower shall submit a revised Social Services Plan within fifteen (15) days of notification of the County's disapproval. Borrower shall follow this procedure for resubmission of a revised Social Services Plan until the Social Services Plan is approved by the County. If the Borrower does not submit a revised Social Services Plan that is

approved by the County at least three (3) months prior to the date construction of the Development is projected to be complete, Borrower will be in default of this Agreement.

4.4 Lease Provisions.

(a) No later than four (4) months prior to the date construction of the Development is projected to be complete, Borrower shall submit to the County for approval Borrower's proposed form of lease agreement for the County's review and approval. When leasing Units within the Development, Borrower shall use the form of lease approved by the County. Borrower may not permit the lease to contain any provision that is prohibited by 24 C.F.R. Section 92.253(b) and any amendments thereto. Borrower's form of lease must include any provisions necessary to comply with the requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113-4, 127 Stat. 54) applicable to HUD-funded programs. The form of lease must comply with all requirements of this Agreement, the other Loan Documents and must, among other matters:

(1) provide for termination of the lease for failure to: (i) provide any information required under this Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this Agreement, (ii) qualify as an Extremely Low Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation, or (iii) qualify as a HOPWA-Eligible Household when and if applicable as a result of any material misrepresentation made by such Tenant with respect to HIV/AIDS status.

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

(3) include a provision that requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.6 and who is not in need of an accessible Unit to move to a non-accessible Unit when a non-accessible Unit becomes available and another Tenant or prospective Tenant is in need of an accessible Unit.

(b) During the HOME Term, Borrower shall comply with the Marking Plan and Tenant Selection Plan approved by the County.

4.5 HOPWA Tenant Requirements. During the HOPWA Term Borrower shall:

(a) ensure the confidentiality of the name of any individual requesting or receiving assistance through this project pursuant to 24 C.F.R. 574.440;

(b) ensure that qualified service providers in the area make available appropriate supportive services to HOPWA Eligible Households pursuant to 24 C.F.R. 574.310(a)(1);

(c) conduct an ongoing assessment of the services required by HOPWA Eligible Households pursuant to 24 C.F.R. 574.500(b)(2);

(d) comply with the Social Services Plan approved by the County detailing the services provided to HOPWA Eligible Households; and

(e) ensure that the Development meets the Housing Quality Standards pursuant to 24 C.F.R. 574.310(b).

4.6 Lease Termination.

(a) HOME Lease Termination Requirements. Any termination of a lease or refusal to renew a lease for a HOME-Assisted Unit within the Development must be in conformance with 24 C.F.R. 92.253(c) and the requirements of the Violence Against Women Reauthorization Act of 2013 ((Pub. L. 113–4, 127 Stat. 54) applicable to HUD-funded programs, and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(b) HOPWA Lease Termination Requirements.

(1) Any termination of a lease or refusal to renew a lease for a HOPWA Unit within the Development must be in conformance with 24 C.F.R. 574.310(e) during the HOPWA Term, and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action.

(2) During the HOPWA Term Borrower shall ensure that surviving members of a household that included a Person with HIV/AIDS at the time of his or her death is permitted to continue to occupy the unit and receive supportive services for a reasonable period of up to one (1) year from the time of the death, and is provided with notice of their grace period and with assistance to obtain information about other available housing assistance programs. In addition, in the event such surviving members of a household would be eligible for occupancy in one of the other units within the Development, upon approval from Borrower, such surviving members may remain in their current unit and the next available unit within the Development will become a HOPWA Unit.

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

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

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the County in its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). The County has approved The John Stewart Company as the Management Agent. Borrower shall submit for the County's approval the identity of any proposed subsequent management agent. Borrower 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 Borrower in writing. Unless the proposed management agent is disapproved by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

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

5.4 Replacement of Management Agent. 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 material requirements and standards of this Agreement, the County shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then-current Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above.

Any contract for the operation or management of the Development entered into by Borrower shall provide that the Management Agent may be dismissed and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.5 below.

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

5.6 Property Maintenance.

(a) Borrower shall maintain, for the entire Term of this Agreement, all interior and exterior Improvements, including landscaping in decent, safe and sanitary condition, and in good condition and repair, in accordance with (i) 24 C.F.R. Section 92.251, and (ii) the maintenance standards provided by the County (the "Maintenance Standards"). The Maintenance Standards, which set forth inspectable items and areas, and this Agreement, implement 24 C.F.R. Section 92.251. Borrower shall cause the Development to be: (i) maintained in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, including but not limited to the lead-based paint requirements in 24 C.F.R. part 35; and (ii) free of all health and safety defects. Borrower shall correct any life-threatening maintenance deficiencies, including those set forth in the Maintenance Standards immediately upon notification.

(b) At the beginning of each year of the Term, Borrower shall certify to the County that the Development is in compliance with the Maintenance Standards.

5.7 Property Inspections.

(a) On-Site Physical Inspections. The County will perform on-site inspections of the Development during the Term to ensure compliance with the Maintenance Standards. The County will perform an on-site inspection within twelve months after completion of construction of the Development and at least once every three (3) years during the Term. If the Development is found to have health and safety violations, the County may perform more frequent inspections. Borrower shall cooperate in such inspections.

(b) Violation of Maintenance Standards. If after an inspection, the County determines that Borrower is in violation of the Maintenance Standards, the County will provide Borrower a written report of the violations. Borrower shall correct the violations set forth in the

report provided to Borrower by County. The County will perform a follow-up inspection to verify that the violations have been corrected. If such violations continue for a period of ten (10) days after delivery of the report to Borrower by the County with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after delivery of the report to Borrower by the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the violation. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount Borrower shall promptly pay to the County upon demand.

ARTICLE 6 MISCELLANEOUS

6.1 Nondiscrimination.

(a) All of the Units must be available for occupancy on a continuous basis to members of the general public who are income eligible. Borrower may not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to income eligible households and to HOPWA-Eligible Households pursuant to this Agreement. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower, that there exist no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit nor will Borrower or any person claiming under or through Borrower, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any unit or in connection with the employment of persons for the construction, operation and management of any unit.

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

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

successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by County. County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.3 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Borrower shall provide by first-class mail, postage prepaid, a notice to all Tenants containing (i) the anticipated date of the expiration of the Term, (ii) any anticipated increase in Rent upon the expiration of the Term, (iii) a statement that a copy of such notice will be sent to the County, and (iv) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Borrower shall also file a copy of the above-described notice with the County Deputy Director-Current Planning.

(b) In addition to the notice required above, Borrower shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11. Such notice requirements include: (i) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a)) prior to the expiration of the Term, (ii) a six (6) month notice requirement to existing tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (iii) 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; (iv) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

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

6.5 Enforcement by the County. If Borrower fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the County has notified Borrower in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure and complete such cure within sixty (60) days, the County may enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

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

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

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

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

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

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

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

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

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

County: County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Affordable Housing Program Manager

Borrower: Ohlone Gardens, L.P.
c/o RCD GP, LLC
2220 Oxford Street
Berkeley, CA 94720
Attention: Executive Director

Investor Limited

Partner:

Union Bank, N.A.
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Attn: CDF Head
Facsimile: (510) 947-2455

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

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

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

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

[remainder of page intentionally left blank]

WHEREAS, this Agreement has been entered into by the undersigned as of the date first written above.

COUNTY:

COUNTY OF CONTRA COSTA, a political
subdivision of the State of California

By: _____

Its: _____

Approved as to form:

SHARON L. ANDERSON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

Ohlone Gardens, L.P., a California limited
partnership

By: RCD GP LLC, a California limited
liability company, its general partner

By: Resources for Community
Development, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Daniel Sawislak, Executive
Director

EXHIBIT A

Legal Description

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