

**TECHNICAL ASSISTANCE LOAN AGREEMENT
(Heritage Point)**

This technical assistance loan agreement (“Agreement”) is dated _____, 2014, and is between the County of Contra Costa, a political subdivision of the State of California (the “County”), and Community Housing Development Corporation of North Richmond, a California nonprofit public benefit corporation (“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 (HOME) funds from the United States Department of Housing and Urban Development (“HUD”) pursuant to the Cranston-Gonzales National Housing Act of 1990 (42 U.S.C. Section 12705 et seq. (“HOME Funds”). HOME Funds must be used by the County in accordance with 24 C.F.R. Part 92 (the “HOME Regulations”).

C. In accordance with the HOME Regulations, the County has set aside a portion of the HOME Funds for use by entities that satisfy the definition of a community housing development organization under the HOME Regulations (each such entity, a “CHDO”). Borrower is a CHDO.

D. Borrower and the Redevelopment Agency of Contra Costa County (the “Agency”) are parties to a predevelopment loan agreement dated April 12, 2011 (the “2011 Loan Agreement”). Pursuant to the 2011 Loan Agreement, Borrower borrowed One Hundred Thirty-One Thousand Seven Hundred Dollars (\$131,700) from the Agency to pay for certain predevelopment costs in connection with the potential development of six parcels located in the 1500 block of Fred Jackson Way in North Richmond (the “Property”). In furtherance of the proposed development, the Agency acquired the Property.

E. As a result of the dissolution of the Agency in February 2012, and pursuant to California Health and Safety Code Section 34176(a), the County is the Successor Housing Agency to the Agency. As the Housing Successor Agency, the County is the owner of the Property and the lender under the 2011 Loan Agreement.

F. Borrower now desires to borrow Forty-Eight Thousand Dollars (\$48,000) in HOME Funds (the “Loan”) from the County to enable Borrower to assess the feasibility of constructing rental housing that is affordable to low-income households on the Property (such housing, the “Development”). The County is willing to make the Loan from the funds it has set aside for use by a CHDO.

G. The County concluded that the preliminary planning activities of the Development are exempt from the California Environmental Quality Act (Public Resources

Code Sections 21000 et seq.) ("CEQA") under the general rule of applicability CEQA Guidelines Sections 15061(b)(3).

H. The County concluded that the preliminary planning activities of the Development are exempt from National Environmental Policy Act of 1969, as amended (42 U.S.C. Sections 4321-4347) ("NEPA"). Should a project move forward, the County will complete all applicable environmental review for the activities proposed to be undertaken.

The parties therefore agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

- (a) "Agreement" means this technical assistance loan agreement.
- (b) "Architect" means the architect engaged to design the Development.
- (c) "Assignment Agreement" means the assignment agreement of even date herewith under which Borrower assigns to the County the Borrower's rights and obligations with respect to certain agreements, plans and specifications, and approvals.
- (d) "Borrower" has the meaning set forth in the introductory paragraph.
- (e) "CEQA" has the meaning set forth in Recital G.
- (f) "CHDO" has the meaning set forth in Recital C.
- (g) "Conceptual Site Documents" has the meaning set forth in Section 3.3 below.
- (h) "Construction Plans" has the meaning set forth in Section 3.9 below.
- (i) "County" has the meaning set forth in the introductory paragraph.
- (j) "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.
- (k) "Design Development Documents" has the meaning set forth in Section 3.6 below.
- (l) "Development" has the meaning set forth in Recital F.
- (m) "Event of Default" has the meaning set forth in Section 6.1 below.

- (n) "Financing Plan" has the meaning set forth in Section 3.8 below.
- (o) "Financing Proposal" has the meaning set forth in Section 3.4 below.
- (p) "HOME Funds" has the meaning set forth in Recital B.
- (q) "HUD" has the meaning set forth in Recital B.
- (r) "Infeasibility" has the meaning set forth in Section 2.8 below.
- (s) "Land Use Approvals" means the permits and approvals necessary for the construction of the Development, including, but not limited to, overall design and architectural review and approval by the County and any other applicable government entity.
- (t) "Loan Documents" means this Agreement, the Note, and the Assignment Agreement.
- (u) "NEPA" has the meaning set forth in Recital H.
- (v) "Note" means the promissory note of even date herewith that evidences Borrower's obligation to repay the Loan.
- (w) "Predevelopment Activities" means the activities to be performed by Borrower during the Term that are described in Section 3.3 through Section 3.9 of this Agreement.
- (x) "Predevelopment Budget" means the proforma predevelopment budget, including sources and uses of funds, attached hereto and incorporated herein as Exhibit A, which may be amended with the approval of the County as set forth in this Agreement.
- (y) "Predevelopment Costs" means costs and fees associated with the Predevelopment Activities and related activities, including but not limited to financial and legal services and preparation of funding applications, as shown in the Predevelopment Budget.
- (z) "Predevelopment Schedule" has the meaning set forth in Section 3.5.
- (aa) "Property" has the meaning set forth in Recital D.
- (bb) "Subsequent Loan" has the meaning set forth in Section 2.7(b).
- (cc) "Subsequent Loan Agreement" has the meaning set forth in Section 2.7(b).
- (dd) "Term" means the term of this Agreement, which commences on the date set forth in the introductory paragraph and terminates on December 31, 2014, unless sooner terminated pursuant to the terms of this Agreement.
- (ee) "Transfer" means (i) any sale, assignment, or transfer, whether voluntary or involuntary, of any rights or obligations of Borrower under this Agreement, (ii) any dissolution, merger, consolidation or other reorganization of Borrower, (iii) any sale or other

transfer of a controlling percentage of the capital stock or member interests, as the case may be, of Borrower, and (iv) the sale of fifty percent (50%) of the value of the assets of Borrower.

Section 1.2 Exhibits

The following exhibit is attached to and incorporated into this Agreement:

EXHIBIT A: Predevelopment Budget

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan

On and subject to the terms and conditions of this Agreement, the County shall lend the Loan to Borrower for the purposes set forth in Section 2.3. Borrower's obligation to repay the Loan is evidenced by the Note.

Section 2.2 Interest

Interest will accrue on the outstanding principal balance of the Loan at a per annum rate of interest equal to three percent (3%) commencing on the date of disbursement; provided, however, upon the occurrence of an Event of Default, interest on the outstanding principal balance of the Loan will begin to accrue at the Default Rate, beginning on the date of such occurrence and continuing until the date the Loan is repaid in full or the Event of Default is cured.

Section 2.3 Use of Loan Funds

Borrower shall use the Loan to pay for Predevelopment Activities in accordance with (i) the Predevelopment Budget, and (ii) 24 C.F.R. Part 92 Section 301(a). The Borrower may not use the Loan for any other purpose without the prior written consent of the County.

Section 2.4 Predevelopment Budget; Revisions to Budget

Borrower shall submit any revisions to the Predevelopment Budget to the County for approval within five (5) days of the date Borrower receives information indicating that actual Predevelopment Costs vary or will vary from the costs shown on the Predevelopment Budget. Written consent of the County is required to change the Predevelopment Budget.

Section 2.5 Intentionally Omitted

Section 2.6 Conditions Precedent to Disbursement of Loan Funds

The disbursements made pursuant to this Section 2.6 may not Forty-Eight Thousand Dollars (\$48,000). The County is not obligated to disburse any portion of the Loan, or take any other action under the Loan Documents unless the following conditions have been and continue to be satisfied:

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

(b) Borrower has delivered to the County a copy of all of Borrower's organizational documents and a copy of a corporate resolution authorizing Borrower's execution of the Loan Documents.

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

(d) Borrower has furnished the County with evidence of insurance coverage that meets the requirements of Section 4.10 below.

(e) Borrower has executed and delivered the Loan Documents to the County and has caused all other documents, instruments, and policies required by the Loan Documents to be delivered to the County.

(f) The County has determined that the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that the Borrower has obtained in connection with assessing the feasibility of the Development, are not less than the amount that is necessary to pay the Predevelopment Costs and to satisfy all of the covenants contained in this Agreement.

(g) The County has received a written draw request from the Borrower, including (i) certification that the condition set forth in Section 2.6(a) continues to be satisfied, (ii) the amount of funds needed, (iii) certification that the proposed use of funds is consistent with the Predevelopment Budget, and, (iv) where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

Notwithstanding any other provisions of this Agreement, the County has no obligation to disburse any portion of the Loan to the Borrower following (i) the termination of this Agreement, or (ii) the occurrence of an Event of Default.

Section 2.7 Repayment of the Loan

(a) Payment in Full. Subject to Section 2.9, Borrower shall pay all outstanding principal and interest on the Loan on the earliest to occur of: (i) the expiration of the Term, (ii) the termination of this Agreement pursuant to Section 2.8, and (iii) an Event of Default.

(b) If Subsequent Loan is Approved and Funded. If the County agrees to lend Borrower additional funds for the purpose of constructing the Development (the "Subsequent Loan") and the parties enter into a loan agreement that sets forth the terms of the Subsequent Loan (a "Subsequent Loan Agreement"), on the effective date of the Subsequent Loan Agreement (i) this Agreement will terminate, (ii) the Note will be cancelled and replaced by a promissory note that relates to the Subsequent Loan, and (iii) Borrower will be obligated to repay the Loan in accordance with the terms of the Subsequent Loan Agreement.

Section 2.8 Infeasibility

(a) In accordance with 24 C.F.R. Part 92 Section 301(a)(3), the County may, in its sole discretion, determine that impediments to the construction of the Development exist that are beyond the reasonable control of Borrower (such act, a determination of “Infeasibility”). The County may make a determination of Infeasibility upon the occurrence of any of the following conditions:

(i) The Property owner fails to take actions necessary to transfer the Property to the Borrower.

(ii) The Borrower does not obtain the Land Use Approvals required to construct the Development.

(iii) A determination is made by the County that the Design Development Documents are not acceptable.

(iv) The Borrower does not receive commitments of projected financial assistance or reasonable substitutions for such commitments to enable it to construct the Development, despite Borrower's good faith efforts to obtain financing.

(v) A determination is made by the County that the Financing Plan is not acceptable.

(vi) Any other condition exists that is an impediment to the construction of the Development, as determined by the County in its sole discretion.

(b) If the County makes a determination of Infeasibility, the County may terminate this Agreement.

(c) If the County exercises its discretion to terminate the Agreement, the following sections of this Agreement will remain in full force and effect: Sections 2.9, 3.10, 4.3, 4.5(b)(vi), 4.5(b)(xi), and 7.4.

Section 2.9 Forgiveness of Loan in Certain Circumstances

If the County exercises its discretion to terminate the Agreement pursuant to Section 2.8, the County will waive Borrower’s obligation to repay the Loan if both of the following conditions exist:

(a) No Event of Default has occurred and is continuing under this Agreement.

(b) The Assignment Agreement is in full force and effect, including all necessary consents.

Section 2.10 Prepayment of Loan

The Borrower may prepay the Loan at any time without penalty.

ARTICLE 3 PREDEVELOPMENT ACTIVITIES

Section 3.1 Predevelopment Activities

(a) The County, in its sole discretion, may waive one or more of Borrower's obligations under Sections 3.3 through Section 3.8 below.

(b) Borrower shall satisfy the obligations set forth in Section 3.3 through Section 3.8 no later than the dates set forth in the Predevelopment Schedule or as set forth below, as applicable. If there is a conflict between the Predevelopment Schedule and the dates set forth below, the dates set forth below will prevail

(c) All site plans, designs, development plans and related documents created pursuant to this Agreement will be used by the County solely for the purpose of determining the feasibility of the Development and are subject at all times to acceptance in accordance with the applicable laws, rules, regulations, and requirements of all government agencies and entities that have jurisdiction over the Property or the Development. Nothing in this Agreement, and none of the County actions taken pursuant to this Agreement, constitutes approval by the County of any required permit, application, map, license, or other required approval, or in any way limits the discretion of the County acting in its regulatory capacity with respect to the Property or the Development.

Section 3.2 Progress Reports; Periodic Development Evaluation

On the first day of each month of the Term, and as reasonably requested by the County, Borrower shall provide the County with written progress reports regarding the status of each of the Predevelopment Activities.

Section 3.3 Financing Proposal

(a) Borrower shall prepare a Financing Proposal and submit it to the County for review no later than May 15, 2014.

(b) The "Financing Proposal" is a statement that sets forth (i) a preliminary estimate of the cost of constructing the Development, based on the Site Plans, and (ii) an estimate of the funds available from government and private sources to pay the cost of constructing the Development.

(c) Borrower shall attach to the Financing Proposal any site plans prepared by Architect that show the basic physical characteristics of the Development, including the location and scale of any improvements (the "Site Plans"). The Site Plans may include preliminary building plans, sections and elevations. Borrower shall cause the Site Plans to serve as the basis for the Borrower's application for Land Use Approvals and for the preparation of the Design Development Documents.

(d) The County shall review and comment on the Financing Proposal within thirty (30) days after receipt. If the County requires modifications to the Financing Proposal, the County will give Borrower specific comments on the Financing Proposal and Borrower shall submit a revised Financing Proposal within thirty (30) days after notification of the County's request for revision. Borrower shall follow this procedure for resubmission of a revised Financing Proposal until the Financing Proposal is found by the County to be feasible.

(e) Borrower shall identify and apply for any government loans and grants, private loans and grants, and equity financing necessary for the construction of the Development.

Section 3.4 Predevelopment Schedule

(a) No later than April 15, 2014, Borrower shall prepare a schedule that sets forth the dates by which the Predevelopment Activities described in Section 3.5 through Section 3.8 must be completed (the "Predevelopment Schedule").

(b) The County shall review the Predevelopment Schedule and will accept or comment on the Predevelopment Schedule within thirty (30) days after receipt. If the County has comments on the Predevelopment Schedule, the County will give those comments to Borrower and Borrower shall submit a revised Predevelopment Schedule within thirty (30) days after receipt of the County's comments. Borrower shall follow this procedure for resubmission of a revised Predevelopment Schedule until the Predevelopment Schedule is accepted by the County.

(c) Borrower shall submit any material revision to a previously-accepted Predevelopment Schedule to the County for its review and acceptance. The County will review any proposed revision to the Predevelopment Schedule and will comment on it in the same manner and according to the same timeframe set forth above for the initial Predevelopment Schedule. Until a revised Predevelopment Schedule is accepted by the County, the most recently accepted Predevelopment Schedule will remain in effect.

Section 3.5 Design Development Documents

(a) Borrower shall cause the Architect to prepare design documents that establish the scope, relationships, forms, size and appearance of improvements proposed to comprise the Development using plans, sections and elevations, and typical construction details (together, the "Design Development Documents"). Borrower shall cause the Design Development Documents to (i) be based on, and in substantial conformity with, the Site Plans, (ii) include specifications that identify major materials and systems, and (iii) establish the quality levels of major materials and systems.

(b) Borrower shall cause the Design Development Documents to reflect a minimum of five percent (5%) of the units in the Development being fully accessible to households with a mobility impaired member and an additional two percent (2%) of the units in the Development being fully accessible to hearing and/or visually impaired persons, in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794, et seq.).

(c) The County shall perform a preliminary review of the Design Development Documents to aid in the determination to be made by the County pursuant to

Section 2.8(a)(iii) above. If the Design Development Documents could result in a determination of Infeasibility, the County will provide the Borrower with specific comments. If Borrower desires the County to evaluate revised Design Development Documents, Borrower shall submit the revised Design Development Documents to the County for review. Borrower shall follow this procedure for resubmission of revised Design Development Documents until the Design Development Documents are accepted by the County or the County makes a determination of Infeasibility.

Section 3.6 Land Use Approvals

Borrower shall apply for, and exercise diligent good faith efforts to obtain, all Land Use Approvals within the time set forth in the Predevelopment Schedule.

Section 3.7 Financing Plan

(a) Within the time set forth in the Predevelopment Schedule, Borrower shall submit a Financing Plan to the County approval. The "Financing Plan" is a set of documents that includes the following:

(i) An updated version of the Financing Proposal that sets forth the sources and uses of funds, including a cost breakdown of anticipated construction costs, all assumptions for all debt and equity financing, the timing of the use of each source of financing, and a breakdown of which expenses each source of financing is funding.

(ii) An proforma operating budget for the Development over a fifty-five (55) year term that shows debt service on all loans.

(iii) A copy of any commitment letter issued to Borrower for loans, grants, or other financial assistance to be used to finance construction of the Development ("Commitments").

(iv) Evidence of other sources of funds sufficient to demonstrate that the Borrower has adequate funds available to cover the difference, if any, between the cost of constructing the Development and the amount available to the Borrower through the Commitments.

(v) Any other information that would assist the County in determining that the Borrower has the financial capability to pay all costs of constructing the Development.

(b) The County shall review the Financing Plan and any proposed amendments to it to aid in the determination to be made by the County pursuant to Section 2.8(a)(v) above, including determining whether the Borrower has the financial capability to pay all the estimated cost of constructing the Development. If the Financing Plan is not approved, the County will give Borrower specific reasons for disapproval. If Borrower desires the County to reevaluate the Financing Plan, Borrower shall submit a revised Financing Plan for review. Borrower shall follow this procedure for resubmission of a revised Financing Plan until the Financing Plan is approved by the County or the County makes a determination of Infeasibility.

(c) The Borrower shall submit timely and complete applications for the funding set forth in the Financing Plan approved by the County. If Borrower's Financing Plan includes Low Income Housing Tax Credits, upon award of the preliminary reservation from the California Tax Credit Allocation Committee, Borrower shall exercise diligent good faith efforts to obtain a funding commitment from a reputable equity investor.

Section 3.8 Construction Plans

(a) The Borrower shall cause the Architect to prepare all construction documentation, upon which the Borrower and its contractors will rely in constructing the Development (including landscaping, parking, and common areas) (the "Construction Plans"). Borrower shall cause the Construction Plans to include, without limitation, final architectural drawings, landscaping plans and specifications, final elevations, building plans and specification (also known as "working drawings"), and a time schedule for completing construction of the Development. Borrower shall also cause the Construction Plans to include any mitigation measures required by any public entity as a condition of any permits or Land Use Approvals required for construction of the Development.

(b) Borrower shall submit a copy of the Construction Plans to the County for review by the due date established in the Predevelopment Schedule.

Section 3.9 State Prevailing Wages

To the extent applicable, Borrower shall pay and shall cause all consultants, contractors and subcontractors to pay prevailing wages in the performance of the Predevelopment Activities and construction of the Development as those wages are determined pursuant to California Labor Code Sections 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"). Borrower shall, and shall cause the consultants, contractors, and subcontractors to, comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR. Borrower shall, and shall cause the consultants, contractors, and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Sections 1720 et seq., and apprentices have been employed as required by California Labor Code Sections 1777.5 et seq. Copies of the currently applicable current per diem prevailing wages are available from DIR. During construction of the Development, Borrower shall, or shall cause the general contractor to, post at the Property the applicable prevailing rates of per diem wages. The Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its consultants, contractors, and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Sections 1720 et seq., to employ apprentices pursuant to California Labor Code Sections 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 Project or any other work undertaken or in connection with the Property. The requirements in this Subsection will survive the repayment of the Loan.

Section 3.10 Equal Opportunity

During the performance of the Predevelopment Activities, Borrower may not permit discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the Predevelopment Activities.

Section 3.11 Borrower Supervision of Predevelopment Activities

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

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Match Requirement

The Borrower shall cause there to be a minimum of Twelve Thousand Dollars (\$12,000) in other, non-federal sources used to fund Predevelopment Activities.

Section 4.2 Information

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

Section 4.3 Records

(a) Borrower shall keep and maintain at Borrower's principal place of business, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's compliance with the terms and provisions of this Agreement. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of this Agreement to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and are to be consistent with requirements of this Agreement. Borrower shall cause all such books, records, and accounts are to be open to and available for inspection and copying by HUD, the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the County at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve such records

for a period of not less than five (5) years after their creation in compliance with all HUD records and accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Loan is pending at the end of the record retention period stated herein, then Borrower shall retain such records until such action and all related issues are resolved. Borrower shall cause the records to include all invoices, receipts, and other documents related to expenditures from the Loan funds. Borrower shall cause records to be kept accurate and current and in a form that allows the County to comply with the recordkeeping requirements contained in 24 C.F.R. Section 92.508.

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

Section 4.4 County Audits

Each year, Borrower shall provide the County with a copy of Borrower's annual audit, which is to include information on all of Borrower's activities and not just those pertaining to the Development. In addition, the County may, at any time, audit all of Borrower's books, records, and accounts pertaining to the Development. Any such audit is to be conducted during normal business hours at the principal place of business of Borrower and wherever records are kept. Immediately after the completion of an audit, the County shall deliver a copy of the results of the audit to Borrower.

Section 4.5 HOME Requirements

(a) Borrower shall comply with all applicable laws and regulations governing the use of the HOME Funds as set forth in 24 C.F.R. Part 92. In the event of any conflict between this Agreement and applicable laws and regulations governing the use of the HOME Funds, the applicable laws and regulations govern.

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

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

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

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

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

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

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

(vii) Discrimination against the Disabled. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), and federal regulations issued pursuant thereto, which prohibit discrimination against the disabled in any federally assisted program, the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. Sections 4151-4157) and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12131 et seq.), and federal regulations issued pursuant thereto.

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

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

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

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

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

(3) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause; and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference; shall set forth minimum number and job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

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

(5) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. Part 135.

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

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

(xi) Labor Standards. The applicable labor requirements set forth in 24 C.F.R. Section 92.354; the prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. Sections 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. Section 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. Sections 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended. The Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Subsection will survive the termination or expiration of this Agreement.

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

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

(xiv) Historic Preservation. The historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. Section 470) and the procedures set forth in 36 C.F.R. Part 800.

(xv) Faith Based Activities. The requirements of 24 C.F.R. Section 92.257 regarding eligible use of funds by organizations that are religious or faith-based.

(xvi) HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the Loan funds, including but not limited to HUD regulations as may be promulgated regarding subrecipients.

Section 4.6 Notice of Litigation

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

Section 4.7 Affordability Restrictions

If Borrower purchases the Property in order to construct the Development, the County and Borrower shall cause a regulatory agreement to be recorded against the Property concurrently with the close of escrow. The regulatory agreement will obligate Borrower to, among other matters, cause the operator of the Development to rent a certain number of units in the Development to low income households. The regulatory agreement will be in effect for a time period of no less than fifty-five (55) years.

Section 4.8 Nondiscrimination

Borrower covenants by and for itself and its successors and assigns that there will be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor must the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property. The foregoing covenant will run with the land.

Section 4.9 Transfer

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

Section 4.10 Insurance Requirements

(a) Borrower shall maintain the following insurance coverage throughout the Term of the Loan:

(i) Worker's Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(ii) Commercial General Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for Bodily Injury and

Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(iii) Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable.

(iv) Upon acquisition of the Property, property insurance covering the Property, 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.

(b) The required insurance must be provided under an occurrence form. 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.

(c) 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.

(d) 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 Borrower 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.

(e) Any design professionals working on the Development in direct contract with the Borrower (including the Architect) shall maintain errors and omission coverage in a minimum amount of One Million Dollars (\$1,000,000).

Section 4.11 Anti-Lobbying Certification

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

(i) 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;

(ii) 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 31 U.S.C. Section 1352. Any person who fails to file the required certification will 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 5 REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties

Borrower hereby represents and warrants to the County as follows:

(a) Organization. Borrower is duly organized, validly existing, and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) CHDO Requirement. Borrower is CHDO and qualifies for CHDO set aside HOME Funds.

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

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

(e) Valid Binding Agreements. The Loan Documents and all other documents or instruments that have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

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

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

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

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

(j) Sufficient Funds. Borrower holds sufficient funds and/or binding commitments for sufficient funds to complete the Predevelopment Activities.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default

Any one or more of the following constitutes an "Event of Default" by Borrower under this Agreement:

(a) Failure to Make Payment. If Borrower fails to make any payment when such payment is due pursuant to the Loan Documents.

(b) Breach of Covenants. If Borrower fails to duly perform, comply with, or observe any other condition, term, or covenant contained in this Agreement (other than as set forth in Section 6.1(a) and Section 6.1(c) through Section 6.1(h)), or in any other Loan Document, and Borrower fails to cure such default within thirty (30) days after receipt of written notice thereof from the County to the Borrower; provided, however, that if a different period or

notice requirement is specified under any other section of this Article 6, the specific provisions will control.

(c) Assignment Agreement. If Borrower fails to take all actions necessary to implement the Assignment Agreement.

(d) Unauthorized Transfer. If any Transfer occurs, other than as permitted by Section 4.9.

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

(f) Insolvency. If a court having jurisdiction makes or enters any decree or order (i) adjudging Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, or seeking any arrangement for Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, 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 Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, in bankruptcy or insolvency or for any of their properties, (iv) directing the winding up or liquidation of Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, if any such decree or order described in clauses (i) to (iv), inclusive, is unstayed or undischarged for a period of ninety (90) calendar days; or (v) Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, admits in writing its inability to pay its debts as they fall due or will have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the Events of Default in this paragraph will act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

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

(h) Suspension; Termination. If Borrower or Borrower's general partner, if Borrower is a partnership, or Borrower's managing member, if Borrower is a limited liability company, voluntarily suspends its business or, if Borrower is a partnership, the partnership is dissolved or terminated, other than a technical termination of the partnership for tax purposes.

Section 6.2 Remedies

Upon the occurrence of an Event of Default and until such Event of Default is cured or waived, the County is relieved of any obligation to make or disburse any portion of the Loan. In addition, upon the occurrence of an Event of Default and following the expiration of all applicable notice and cure periods, the County may proceed with any and all remedies available to it under law, this Agreement, and the other Loan Documents. Such remedies include but are not limited to the following:

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

(b) Exercise of Assignment. The County may exercise its rights under the Assignment Agreement.

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

(d) Right to Cure at Borrower's Expense. The County has the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. Upon demand, Borrower shall reimburse the County for any funds advanced by the County to cure a monetary default by Borrower, together with interest thereon from the date of expenditure until the date of reimbursement at the Default Rate.

Section 6.3 Right of Contest

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

Section 6.4 Remedies Cumulative

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

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties

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

Section 7.2 No Claims

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

Section 7.3 Amendments

No alteration or variation of the terms of this Agreement is valid unless made in writing by the parties.

Section 7.4 Indemnification

Borrower shall indemnify, defend and hold the County harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including reasonable attorneys' fees) that arise out of or in connection with this Agreement, including but not limited to environmental review under CEQA, the performance of the Predevelopment Activities, except to the extent such claim arises from the grossly negligent

or willful misconduct of the County, its agents, or its employees. The provisions of this Section will survive the termination or expiration of this Agreement.

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

No member, official, employee or agent of the County is personally liable to Borrower in the event of any default or breach of this Agreement by the County or for any amount that may become due from the County pursuant to this Agreement.

Section 7.6 No Third Party Beneficiaries

There are no third party beneficiaries to this Agreement.

Section 7.7 Future County Actions

This Agreement does not constitute the County's (i) agreement to lend the Subsequent Loan, (ii) consent to construction of the Development, or (iii) agreement to issue any Land Use Approvals. The County retains full discretion to approve or disapprove the Subsequent Loan and the Land Use Approvals.

Section 7.8 Conflict of Interest

(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.8(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this Section 7.8(a) is followed.

(b) The conflict of interest provisions of Section 7.8(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third degree of such person.

(c) In accordance with California Government Code Section 1090 and the Political Reform Act, California Government Code section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of the Borrower, or immediate family member of any of the preceding, may make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or Borrower. Interpretation of this section is governed by the definitions and provisions used in the Political Reform Act, California Government Code Section 87100 et seq., its implementing regulations manual and codes, and California Government Code Section 1090.

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

Section 7.9 Notices, Demands and Communications

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

County:

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

Borrower:

Community Housing Development Corporation of North Richmond
1535-A Fred Jackson Way
Richmond, CA 94604
Attn: Executive Director

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

Section 7.10 Applicable Law

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

Section 7.11 Parties Bound

Except as otherwise limited herein, the provisions of this Agreement are binding upon and inure to the benefit of the parties and their heirs, executors, administrators, legal representatives, successors, and assigns.

Section 7.12 Attorneys' Fees

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

Section 7.13 Severability

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.14 Waivers

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

Section 7.15 Title of Parts and Sections

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

Section 7.16 Entire Understanding of the Parties

The Loan Documents constitute the entire understanding and agreement of the parties with respect to the Loan.

Remainder of Page Intentionally Left Blank

Section 7.17 Multiple Originals; Counterpart

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

The parties are executing this Agreement as of the date first above written.

COUNTY:

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

By: _____
Catherine O. Kutsuris
Director, Department of Conservation and Development

Approved as to form:

Sharon L. Anderson
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND, a California nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

EXHIBIT A

Predevelopment Budget

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TECHNICAL ASSISTANCE LOAN AGREEMENT

Between

COUNTY OF CONTRA COSTA

and

COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND