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Contra Costa County
Department of Conservation and Development
30 Muir Road
Martinez, CA 94553
Attn: Assistant Deputy Director

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Government Code Section 27383

HOME/HOPWA REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(St. Paul's Commons)

This HOME/HOPWA Regulatory Agreement and Declaration of Restrictive Covenants (the "HOME/HOPWA Regulatory Agreement") is dated March 1, 2018 and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and SP Commons, 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 HOME/HOPWA Regulatory 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 ("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. St. Paul's Episcopal Church in Walnut Creek, California ("St. Paul's") is the owner of that certain real property located at 1860 Trinity Avenue in the City of Walnut Creek, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Concurrently herewith Borrower is entering into a ground lease agreement with St. Paul's (the "Ground Lease"), pursuant to which Borrower will acquire a leasehold interest in the Property from St. Paul's for a period of seventy-seven (77) years (the "Leasehold Interest"). Borrower intends to demolish the existing improvements on the Property and construct forty-five

(45) multifamily housing units on the Property for rental to extremely low, very low and low income households, including one (1) manager's unit, and attendant site improvements (the "Housing Improvements"). The Property will also be improved with a social service facility that will be leased back to St. Paul's and will house a homeless day shelter and service program (the "Service Facility Improvements"). The Housing Improvements and the Service Facility Improvements are collectively, the "Improvements". Borrower's Leasehold Interest and Borrower's fee interest in the Improvements, are collectively, the "Development".

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 Two Million Six Hundred Forty-Two Thousand Hundred Dollars (\$2,642,000) of HOME Funds (the "HOME Loan") and Two Hundred Thirty-Two Thousand Six Hundred Eighty-One Dollars (\$232,681) of HOPWA Funds (the "HOPWA Loan") for a total loan amount of Two Million Eight Hundred Seventy-Four Thousand Six Hundred Eighty-One Dollars (\$2,874,681) (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 HOME/HOPWA Regulatory Agreement and the County Regulatory Agreement, and in the related documents evidencing the Loan. Eighteen (18) of the Units are restricted by the County pursuant to this HOME/HOPWA Regulatory Agreement.

H. As it applies to the HOME/HOPWA Assisted Units this HOME/HOPWA Regulatory Agreement will be in effect for the HOME Term. The County Regulatory Agreement as it applies to the HOME/HOPWA Assisted Units will be in effect for fifty-five (55) years from the Completion Date which term overlaps with but is longer than the HOME Term. Pursuant to Section 6.15 below, compliance with the terms of this HOME/HOPWA Regulatory Agreement will be deemed compliance with the County Regulatory Agreement during the HOME Term.

I. 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) "Accessibility Requirements" has the meaning set forth in Section 2.1(d).
- (b) "Actual Household Size" means the actual number of persons in the applicable household.
- (c) "Adjusted Income" means, (i) with respect to the Tenant of each HOPWA-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 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).
- (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), provided that if a different calculation is required by the HOME regulations, such calculation must be used for the HOME-Assisted Units.
- (e) "City" means the City of Walnut Creek, 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 Housing Improvements may be legally occupied.
- (g) "County Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower evidencing County requirements applicable to the Loan, to be recorded against the Development concurrently herewith.
- (h) "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 Development to secure repayment of the Loan and Borrower's performance of the Loan Documents.
- (i) "Development" has the meaning set forth in Paragraph D of the Recitals.

(j) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed thirty percent (30%) of Median Income, adjusted for Actual Household Size.

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

(l) "Extremely Low Income Units" means the Units which, pursuant to Section 2.1(a) (1) below, are required to be occupied by Extremely Low Income Households.

(m) "Ground Lease" has the meaning set forth in Paragraph D of the Recitals.

(n) "High HOME Rent" means a monthly Rent that does not exceed the maximum rent published by HUD for a Low Income Household for the applicable bedroom size as set forth in 24 C.F.R. 92.252(a).

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

(p) "HOME-Assisted Units" means the eighteen (18) Units to be constructed on the Leasehold Interest that are (i) restricted to occupancy by Extremely Low Income Households, and Thirty-Five Percent Income Households in compliance with Section 2.1(b) below, and (ii) are "floating" Units as defined in 24 C.F.R. 92.252(j).

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

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

(s) "HOME Term" means the term of this HOME/HOPWA Regulatory Agreement which commences as of the date of this HOME/HOPWA Regulatory Agreement, and unless sooner terminated pursuant to the terms of this HOME/HOPWA Regulatory Agreement, expires on the twenty-first (21st) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the HOME Term will expire on the twenty-third (23rd) anniversary of this HOME/HOPWA Regulatory Agreement.

(t) "HOME/HOPWA Assisted Units" means the HOME-Assisted Units and HOPWA-Assisted Units.

(u) "HOME/HOPWA Regulatory Agreement" has the meaning set forth in the first paragraph of this HOME/HOPWA Regulatory Agreement.

(v) "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.).

(w) "HOPWA-Assisted Units" means the two (2) Units to be constructed on the Leasehold Interest that are (i) restricted to occupancy by Extremely Low Income Households

in compliance with Section 2.1(a) below and (ii) restricted to occupancy by HOPWA-Eligible Households during the HOPWA Term.

(x) "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 or Forty Percent Income Household in compliance with Section 2.1(a) below.

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

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

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

(bb) "HOPWA Term" means the period of time that commences on the date of this HOME/HOPWA Regulatory Agreement and expires on the tenth (10th) anniversary of the Completion Date, unless earlier terminated pursuant to Section 2.5; provided, however, if a record of the Completion Date cannot be located or established, the HOPWA Term will expire on the twelfth (12th) anniversary of this HOME/HOPWA Regulatory Agreement.

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

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

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

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

(gg) "Leasehold Interest" has the meaning set forth in Paragraph D of the Recitals.

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

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

(jj) "Loan Documents" means the documents evidencing the Loan including this HOME/HOPWA Regulatory Agreement, the Note, the Loan Agreement, the Intercreditor Agreement, the County Regulatory Agreement, and the Deed of Trust.

(kk) "Low HOME Rent" means a monthly Rent that does not exceed the maximum rent published by HUD for a Very Low Income Household for the applicable bedroom size as set forth in 24 C.F.R. 92.252(b).

(ll) "Low Income Household" means a Tenant (i) 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, and (ii) that is not an individual student not eligible to receive Section 8 assistance under 24 C.F.R. 5.612.

(mm) "Maintenance Standards" has the meaning set forth in Section 5.6(a).

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

(oo) "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.

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

(qq) "Operating Budget" has the meaning set forth in Section 2.6(a).

(rr) "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.

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

(tt) "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 HOME Term.

(uu) "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.

(vv) "Rental Subsidy" has the meaning set forth in Section 2.6(a).

(ww) "Service Facility Improvements" has the meaning set forth in Paragraph D of the Recitals.

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

(yy) "St. Paul's" has the meaning set forth in Paragraph D of the Recitals.

(zz) "Subsidy Units" has the meaning set forth in Section 2.6(a).

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

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

(ccc) "Thirty-Five Percent Income Household" means a household with an Adjusted Income that does not exceed thirty-five percent (35%) of Median Income, adjusted for Actual Household Size.

(ddd) "Thirty-Five Percent Income Rent" means the maximum allowable rent for a Thirty-Five Percent Income Unit pursuant to Section 2.2(b) below.

(eee) "Thirty-Five Percent Income Units" means the Units which, pursuant to Section 2.1(b) below, are required to be occupied by Thirty-Five Percent Income Households.

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

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

ARTICLE 2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) HOPWA-Assisted Units. During the HOPWA Term, Borrower shall cause two (2) Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households which households are HOPWA-Eligible Households. The HOPWA-Assisted Units overlap with two (2) of the HOME-Assisted Units that are Extremely Low Income Units.

(b) HOME-Assisted Units.

(1) Extremely Low Income Units. During the HOME Term, Borrower shall cause eleven (11) Units to be rented to and occupied by or, if vacant, available for occupancy by Extremely Low Income Households.

(2) Thirty-Five Percent Income Units. During the HOME Term, Borrower shall cause seven (7) Units to be rented to and occupied by or, if vacant, available for occupancy by Thirty-Five Percent Income Households.

(c) Intermingling of Units. Borrower shall cause the HOME/HOPWA 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. The HOME/HOPWA Assisted Units must be of the bedroom size set forth in the following chart:

	Extremely Low Income Units	35% Income Units
Zero-Bd. Units	8 (including 2 HOPWA)	4
One-Bd. Units	3	3
Total	11	7

(d) Disabled Persons Occupancy. Borrower shall cause the Development to be constructed and operated at all times in compliance with all applicable federal, state, and local disabled persons accessibility requirements including, but not limited to the applicable 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, (v) the Americans With Disabilities Act of 1990, and (vi) Chapters 11A and 11B of Title 24 of the California Code of Regulations, which relate to disabled persons access (collectively, the "Accessibility Requirements"). In compliance with the Accessibility Requirements: (i) a minimum of three (3) Units must be construction to be fully accessible to households with a mobility impaired member and, (ii) an additional one (1) Unit must be fully accessible to hearing and/or visually impaired persons. In compliance with the Accessibility Requirements Borrower shall provide the County with a certification from the Development architect that to the best of

the architect's knowledge, the Development complies with all federal and state accessibility requirements applicable to the Development. 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 the Accessibility Requirements. The provisions of this subsection will survive expiration of the HOME Term or other termination of this HOME/HOPWA Regulatory Agreement, and remain in full force and effect.

(e) HOME-Assisted Unit Compliance Deadline. Each HOME-Assisted Unit must be rented to and occupied by an Extremely Low Income Household, or Thirty-Five Percent Income Household, as applicable, pursuant to Section 2.1(b) 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 2.8(c) of the Loan Agreement.

2.2 Allowable Rent.

(a) HOPWA Rent.

(1) During HOPWA Term. Subject to the provisions of Section 2.4(a) below, the total monthly Rent paid by a Tenant of a HOPWA-Assisted 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) During Remainder Term.

(A) HOPWA-Eligible Household. Subject to the provisions of Section 2.4(a) below, the Rent paid by a HOPWA-Eligible Household that occupies a HOPWA-Assisted 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).

(B) Extremely Low Income Household. After the expiration or termination of the HOPWA Term pursuant to Section 2.5 and subject to Section 2.4(a), the Rent paid by a new Tenant of a HOPWA-Assisted Unit that is an Extremely Low Income Household may not exceed the Extremely Low Income Rent.

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

(c) Thirty-Five Percent Income Rent. Subject to Section 2.4 below, the Rent paid by a Tenant of a Thirty-Five Percent Income Unit, may not exceed one-twelfth (1/12th) of thirty percent (30%) of thirty-five percent (35%) of Median Income, adjusted for Assumed Household Size.

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

2.3 Rent Increases.

(a) Rent Amount. The initial Rent for all HOME/HOPWA 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/HOPWA Assisted Units and the maximum monthly allowances for utilities and services (excluding telephone) annually.

(b) Rent Increases. All Rent increases for all HOME/HOPWA Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a HOME/HOPWA Assisted Unit, Borrower shall submit to the County a schedule of any proposed increase in the Rent charged for HOME/HOPWA 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/HOPWA Assisted Units provided to Borrower by the County, or is greater than a 5% increase over the previous year's Rent, provided that the County may approve a request from Borrower for a rent increase greater than 5% with a written explanation for the request from Borrower. 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) HOPWA-Assisted Units.

(1) 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 comparable HOPWA-Assisted Unit to an Extremely Low Income Household that is also a HOPWA-Eligible Household, to comply with the requirements of Section 2.1(a) above. Any Rent increase is subject to Section 2.3 above.

(2) Increased Income of HOPWA-Eligible Household During Remainder Term. If upon the annual certification of the income of a HOPWA-Eligible Household during the Remainder 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)(2)(A) above. Borrower shall then rent the next available comparable HOME/HOPWA Assisted Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(b) above. Any Rent increase is subject to Section 2.3 above.

(b) HOME-Assisted Units.

(1) Increased Income of Extremely Low Income Household to Above Extremely Low Income but Below the Very Low Income Limit. Subject to Section 2.3 above, if, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit, Borrower determines that the income of the Tenant has increased to above the qualifying limit for an Extremely Low Income Household but below the qualifying limit for a Very Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Extremely Low Income Rent. Borrower shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(b)(1) above, at a Rent not exceeding the Extremely Low Income Rent, or re-designate another comparable Unit in the Development with an Extremely Low Income Household an Extremely Low Income Unit, to comply with the requirements of Section 2.1(b)(1) above. Upon renting the next available Unit in accordance with Section 2.1(b)(1) or re-designating another Unit in the Development as an Extremely Low Income Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(2) Increased Income of Thirty-Five Percent Income Household to Above Thirty-Five Percent Income but Below the Very Low Income Limit. Subject to Section 2.3 above, if, upon the annual certification of the income of a Tenant of a Thirty-Five Percent Income Unit, Borrower determines that the income of the Tenant has increased to above the qualifying limit for a Thirty-Five Percent Income Household but below the qualifying limit for a Very Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at the Thirty-Five Percent Income Rent. Borrower shall then rent the next available Unit to a Thirty-Five Percent Income Household to comply with the requirements of Section 2.1(b)(2) above, at a Rent not exceeding the Thirty-Five Percent Income Rent, or re-designate another comparable Unit in the Development with a Thirty-Five Percent Income Household a Thirty-Five Percent Income Unit, to comply with the requirements of Section 2.1(b)(2) above. Upon renting the next available Unit in accordance with Section 2.1(b)(2) or re-designating another Unit in the Development as a Thirty-Five Percent Income Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(3) Increased Income above Extremely Low Income Household at or Above Very Low Income Limit but below Low Income Limit. Subject to Section 2.3 above, if, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit,

Borrower determines that the income of the Tenant has increased to at or above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent may be increased to the Low HOME Rent. Borrower shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(b)(1) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(b), or re-designate another comparable Unit in the Development with an Extremely Low Income Household an Extremely Low Income Unit, to comply with the requirements of Section 2.1(b)(1) above. Upon renting the next available Unit in accordance with Section 2.1(b)(1) or re-designating another Unit in the Development as an Extremely Low Income Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(4) Increased Income above Thirty-Five Percent Income Household at or Above Very Low Income Limit but below Low Income Limit. Subject to Section 2.3 above, if, upon the annual certification of the income of a Tenant of a Thirty-Five Percent Income Unit, Borrower determines that the income of the Tenant has increased to at or above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent may be increased to the Low HOME Rent. Borrower shall then rent the next available Unit to a Thirty-Five Percent Income Household to comply with the requirements of Section 2.1(b)(2) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(c), or re-designate another comparable Unit in the Development with a Thirty-Five Percent Income Household a Thirty-Five Percent Income Unit, to comply with the requirements of Section 2.1(b)(2) above. Upon renting the next available Unit in accordance with Section 2.1(b)(2) or re-designating another Unit in the Development as a Thirty-Five Percent Income Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(c) Non-Qualifying Household. Subject to Section 2.4(a) above for HOPWA-Assisted Units, if, upon the annual certification of the income a Tenant of a HOME/HOPWA Assisted 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, or Thirty-Five Percent Income Household, as applicable, to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or designate another comparable Unit that is occupied by an Extremely Low Income Household, or Thirty-Five Percent Income Household, as applicable, as a HOME/HOPWA 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(c), the Unit with the over-income Tenant will no longer be considered a HOME/HOPWA Assisted Unit.

(d) Termination of Occupancy. Upon termination of occupancy of a HOME/HOPWA 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-Assisted Units, the County shall provide to Borrower a written notice that sets forth the termination date of the HOPWA Term.

2.6 Loss of Subsidy.

(a) It is anticipated that certain Units in the Development (the "Subsidy Units") will receive Project-Based Section 8 or other rental subsidy payments (the "Rental Subsidy") throughout the Term, as reflected in the Approved Development Budget. Notwithstanding Section 2.3(b), if any change in federal law occurs, or any action (or inaction) by Congress or any federal or State agency occurs, which results in a reduction, termination or nonrenewal of the Rental Subsidy through no fault of the Borrower, such that the Rental Subsidy shown on the Approved Development Budget is no longer available, Borrower may increase the Rent on one or more of the HOME-Assisted Units that overlap with a Subsidy Unit, to the Low HOME Rent and/or High HOME Rent as applicable, subject to the following requirements:

(1) At the time Borrower requests an increase in the Rent, Borrower shall provide the County with an operating budget for the Development for the County's approval pursuant to Section 4.4 of the Loan Agreement, showing the impact of the loss or reduction of the Rental Subsidy (the "Operating Budget");

(2) The number of HOME-Assisted Units subject to the Rent increase and the level of rent increase (i.e. Low HOME Rent and High HOME Rent) may not be greater than the amount required to ensure that the Development generates sufficient income to cover its operating costs and debt service as shown on the Operating Budget, and as is necessary to maintain the financial stability of the Development;

(3) The Rent of at least four (4) of the HOME-Assisted Units may not exceed the Low HOME Rent;

(4) Borrower shall use good faith efforts to ensure that the Tenants whose Rents are increased to the High HOME Rent have the highest incomes of the Tenants occupying the HOME-Assisted Units; and

(5) Any such Rent increase must be pursuant to a transition plan approved by the County, consistent with remedial measures set forth in California Code of Regulations Title 4, Division 17, Chapter 1, Section 10337(a)(3) or successor regulation applicable to California's Federal and State Low Income Housing Tax Credit Program.

(b) Borrower shall use good faith efforts to obtain alternative sources of rental subsidies and shall provide the County with annual progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents on the HOME Assisted Units to be reduced back to the Extremely Low Income Rent and the Thirty-Five Percent Income Rent, as applicable. Upon receipt of any alternative rental subsidies, Borrower shall reduce the rents on the County-Assisted Units back to the Extremely Low Income Rent and the Thirty-Five Percent Income Rent, as applicable, to the extent that the alternative rental subsidies provide sufficient income to cover the operating costs and debt service of the Development as shown on the Operating Budget.

(c) This Section does not apply to the Rent paid by Tenants of the HOPWA-Assisted Units during the HOPWA Term and any HOPWA-Eligible Household that occupies a HOPWA-Assisted Unit during the HOPWA Term and that continues to reside in the Unit following the expiration of the HOPWA Term. Such Rent must at all times be consistent with Section 2.2(a)(1).

ARTICLE 3 INCOME CERTIFICATION; REPORTING; RECORDS

3.1 Income Certification.

(a) Borrower shall obtain, complete, and maintain on file, within one hundred twenty (120) days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the HOME/HOPWA 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-Assisted 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-Assisted 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/HOPWA 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/HOPWA 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 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 Development Records.

(a) Borrower shall keep and maintain at the principal place of business of the Borrower set forth in Section 6.11 below, or elsewhere with the County's written consent, full, complete and appropriate books, records and accounts relating to the Development. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of the Loan Documents to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this HOME/HOPWA Regulatory Agreement. Borrower shall cause all books, records, and accounts 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 the 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 accurate and current and in a form that allows the County to comply with the record keeping requirements contained in 24 C.F.R. 92.508, 24 C.F.R. 574.450, and 24 C.F.R. 574.530. Such records are to include but are not limited to:

(i) Records providing a full description of the activities undertaken with the use of the Loan funds;

(ii) Records demonstrating that each activity undertaken with the HOPWA Funds meets one of the eligible activities of the HOPWA program set forth in 24 C.F.R. Section 574.300 and 24 C.F.R. Section 574.310;

(iii) Records demonstrating compliance with the HUD property standards and lead-based paint requirements including the property standards of 24 C.F.R. Section 574.310(b) and the lead-based paint requirements of 24 C.F.R. Section 574.635, and the maintenance requirements set forth in Section 5.6 (which implements 24 C.F.R. 92.251);

(iv) Records documenting compliance with the fair housing, equal opportunity, and affirmative fair marketing requirements;

(v) Financial records as required by 24 C.F.R. 92.505, and 2 C.F.R. Part 200, and during the HOPWA Term, financial records and other documents necessary to document compliance with the requirements of 24 C.F.R. Part 574 et seq;

(vi) Records demonstrating compliance with the HOPWA and HOME marketing, tenant selection, affordability, and income requirements;

(vii) Records demonstrating compliance with MBE/WBE requirements;

(viii) Records demonstrating compliance with 24 C.F.R. Part 135 which implements Section 3 of the Housing Development Act of 1968;

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

(x) Records demonstrating compliance with labor requirements including certified payrolls from Borrower's general contractor evidencing that applicable prevailing wages have been paid; and

(xi) Records documenting compliance with the Social Services Plan approved by the County.

(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.

ARTICLE 4
OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Housing Improvements 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 Development 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; Tenant Selection 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory Agreement.

(3) If any HOME-Assisted Units have not been rented in accordance with Section 2.1(b) above 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 in compliance with Section 2.1(b).

(4) If any HOME-Assisted Units have not been rented in accordance with Section 2.1(b) above 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 in compliance with Section 2.1(b).

(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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory Agreement, (ii) qualify as an Extremely Low Income Household, or Thirty-Five Percent 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 2.1(d) 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, Social services 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-Assisted 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-Assisted Unit.

4.7 HOME and HOPWA 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, and use of the HOPWA Funds, as set forth in 24 C.F.R. Part 574 et. seq. In the event of any conflict between this HOME/HOPWA Regulatory Agreement and applicable laws and regulations governing the use of the Loan 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. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5;

(ii) Applicability of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The applicable policies, guidelines, and requirements of 2 C.F.R. Part 200;

(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. 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 USC 794, et seq.); the Age Discrimination Act of 1975 (42 USC 6101, et seq.); Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107; Executive Order 11246 as amended by Executive Orders 11375, 12086, 11478, 12107; Executive Order 11625 as amended by Executive Order 12007; Executive Order 12432; Executive Order 12138 as amended by Executive Order 12608;

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

(vi) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), and implementing regulations at 49 C.F.R. Part 24; Section 104(d) of the Housing and Community Development Act of 1974 and implementing regulations at 24 C.F.R. 42 et seq.; 24 C.F.R. 92.353; 24 C.F.R. 574.630; and California Government Code Section 7260 et seq. and implementing regulations at 25 California Code of Regulations Sections 6000 et seq. If and to the extent that development of the Development results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then Borrower shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall prepare and submit a relocation plan to the County for approval. Borrower is solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. Borrower shall indemnify, defend (with counsel reasonably chosen by the County), and hold harmless the County against all claims that arise out of relocation obligations to residential tenants, homeowners, or businesses permanently or temporarily displaced by the Development;

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

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

(ix) Uniform Administrative Requirements. The provisions of 24 C.F.R. 92.505 and 24 C.F.R. 574.650 regarding cost and auditing requirements;

(x) Housing Quality Standards. The housing quality standards set forth in 24 C.F.R. Section 574.310(b);

(xi) Supportive Services. The supportive service requirements of 24 C.F.R. Section 574.310(a)(1). Borrower shall procure services to satisfy such service requirements;

(xii) 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 which are located in, or owned in substantial part by persons residing in, the areas of the project. Borrower agrees to include the following language in all subcontracts executed under this HOME/HOPWA Regulatory 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. 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 (A) after the contractor is selected but before the contract is executed, and (B) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. Part 135.

(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. 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).

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

(xiv) 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;

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

(xvi) Historic Preservation. The historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. Section 470)

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

(xvii) Religious Organizations. If the Borrower is a religious organization, as defined by the HOPWA and/or HOME requirements, the Borrower shall comply with all conditions prescribed by HUD for the use of HOME Funds and HOPWA Funds by religious organizations, including the First Amendment of the United States Constitution regarding church/state principles and the applicable constitutional prohibitions set forth in 24 C.F.R. 92.257 and 24 C.F.R. 574.300(c);

(xviii) Violence Against Women. The requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113–4, 127 Stat. 54) applicable to HUD-funded programs;

(xix) Conflict of Interest. The conflict of interest provisions set forth in 24 C.F.R. 92.356 and 24 C.F.R. Section 574.625; and

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

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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.4 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 HOME/HOPWA Regulatory Agreement.

5.6 Property Maintenance.

(a) Borrower shall maintain, for the entire HOME Term of this HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME 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 HOME 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 HOME 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 Development 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 Development and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Development, and to attach a lien on the Development, or to assess the Development, 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 HOME/HOPWA Regulatory 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, age, familial status (except for lawful senior housing in accordance with state and federal law), 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 Application of Provisions. The provisions of this HOME/HOPWA Regulatory Agreement apply to the Development for the entire HOME Term even if the Loan is paid in full prior to the end of the HOME Term. This HOME/HOPWA Regulatory 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 the County. The County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.3 Covenants to Run With the Land. The County and Borrower hereby declare their express intent that the covenants and restrictions set forth in this HOME/HOPWA Regulatory Agreement run with the land, and bind all successors in title to the Development, provided, however, that on the expiration of the HOME Term said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development 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 Development from the requirements of this HOME/HOPWA Regulatory Agreement.

6.4 Enforcement by the County. If Borrower fails to perform any obligation under this HOME/HOPWA Regulatory 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

HOME/HOPWA Regulatory Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The County may declare a default under the Loan Documents, 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 HOME/HOPWA Regulatory Agreement, and may seek damages.

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

The County shall provide notice of a default to Borrower's limited partner in the manner set forth in Section 6.5 of the Loan Agreement.

6.5 Anti-Lobbying Certification.

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

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(b) This certification is a material representation of fact upon which reliance was placed when the Loan Documents were made or entered into. Submission of this certification is a prerequisite for making or entering into the Loan Documents imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000) and no more than One Hundred Thousand Dollars (\$100,000) for such failure.

6.6 Attorneys' Fees and Costs. In any action brought to enforce this HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory Agreement is governed by the laws of the State of California.

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

6.10 Amendments. This HOME/HOPWA Regulatory 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: Assistant Deputy Director

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

Investor Limited
Partner: Bank of America, N.A.
Community Development Banking Group
MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: Asset Management

With a copy to:

Buchalter, a Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017

Attention: Michael A. Williamson, Esq.
Re: B0965-0363 (St. Paul Commons)

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 HOME/HOPWA Regulatory 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 HOME/HOPWA Regulatory Agreement will not in any way be affected or impaired thereby.

6.13 Multiple Originals; Counterparts. This HOME/HOPWA Regulatory 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 Development, this HOME/HOPWA Regulatory Agreement will revive according to its original terms if, during the HOME 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.

6.15 County Regulatory Agreement. The County and Borrower are entering into this HOME/HOPWA Regulatory Agreement concurrently with the County Regulatory Agreement. The County Regulatory Agreement as it applies to the HOME/HOPWA Assisted Units will be in effect for fifty-five (55) years from the Completion Date which term overlaps with but is longer than the HOME Term. Compliance with the terms of this HOME/HOPWA Regulatory Agreement will be deemed compliance with the County Regulatory Agreement during the HOME Term. In the event of a conflict between this HOME/HOPWA Regulatory Agreement and the County Regulatory Agreement during the HOME Term, the terms of this HOME/HOPWA Regulatory Agreement will prevail.

WHEREAS, this HOME/HOPWA Regulatory 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: _____
John Kopchik
Director, Department of Conservation and
Development

Approved as to form:

SHARON L. ANDERSON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

BORROWER:

Riviera Family Apartments, 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

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

Legal Description

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