

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

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

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
Rodeo Senior Apartments
(Affordable Housing Funds)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") is dated _____ and is between the County of Contra Costa, a political subdivision of the State of California (the "County"), and La Loma Rodeo EAH, LLC, a California limited liability company ("Developer").

RECITALS

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

B. The County has succeeded to the housing assets of the former Contra Costa County Redevelopment Agency (the "Former Agency") in accordance with California Health and Safety Code Section 34176. In its capacity as housing successor, the County owns approximately 0.98 acres of real property, located near Willow Avenue and San Pablo Avenue in Rodeo, California (the "Property") as more particularly described in Exhibit A attached to and incorporated into this Agreement. The Property is located within the Rodeo Redevelopment Project Area (the "Project Area").

C. The Property has been identified as a "housing asset" pursuant to California Health and Safety Code Section 34176. The Oversight Board of the Contra Costa County Successor Agency and the California Department of Finance have approved such identification. The Former Agency acquired the Property using the Former Agency's low and moderate housing fund, which was established pursuant to California Health and Safety Code Section 33334.2.

D. Pursuant to a Disposition, Development, and Loan Agreement dated _____ (the "DDLA"), the County is conveying the Property to Developer. Developer intends to construct sixty-seven (67) housing units on the Property for rental to extremely low, very low, and low income households, including one (1) manager's unit (the "Development").

The Development, as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

E. The County, as housing successor to the Former Agency, has Low and Moderate Income Housing Asset Funds (the "Affordable Housing Funds") which must be used in compliance with the Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.) as amended by California Health and Safety Code Section 34176.1 (the "Community Redevelopment Law").

F. Pursuant to the DDLA the County is lending Developer _____ Dollars (\$_____) (the "Loan") in Affordable Housing Funds.

G. The County has the authority to lend the Loan to Developer 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 the Affordable Housing Funds pursuant to California Health and Safety Code Section 34176.1.

H. The County has agreed to make the Loan on the condition that Developer maintain and operate the Development in accordance with restrictions set forth in this Regulatory Agreement and in the related documents evidencing the Loan, and with California Health and Safety Code Sections 33334.2 et seq., 33413(a) and 33413(b). In order to ensure that the Development will be used and operated in accordance with these conditions and restrictions, the County and Developer wish to enter into this Regulatory Agreement.

I. As a condition of making the Loan, the County is restricting _____ of the Units pursuant to this Regulatory Agreement.

J. The County intends to apply the designated Units developed pursuant to this Agreement toward the satisfaction of the statutorily-mandated affordable housing production requirements for the Project Area under California Health and Safety Code Section 33413(b)(2) and to meet any replacement housing requirements applicable to the Project Area pursuant to the Community Redevelopment Law.

K. In consideration of receipt of the Loan at an interest rate substantially below the market rate, Developer 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:

- below.
- (a) "Accessibility Requirements" has the meaning set forth in Section 2.1(e)
 - (b) "Actual Household Size" means the actual number of persons in the applicable household.
 - (c) "Adjusted Income" means the total anticipated annual income of all persons in a household, as calculated in accordance with 25 California Code of Regulations Section 6914, or pursuant to a successor State housing program that utilizes a reasonably similar method of calculation of adjusted income. In the event that no such program exists, the County shall provide Developer with a reasonably similar method of calculation of adjusted income as provided in said Section 6914.
 - (d) "Affordable Housing Funds" has the meaning set forth in Paragraph E of the Recitals.
 - (e) "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).
 - (f) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the County to certify that the Development may be legally occupied.
 - (g) "Community Redevelopment Law" has the meaning set forth in Paragraph E of the Recitals.
 - (h) "County-Assisted Units" means the _____ Units to be constructed on the Property that are designated as assisted by the Loan.
 - (i) "County Documents" means the documents evidencing the Loan including this Regulatory Agreement, the Note, the DDLA, the Deed of Trust and the following additional documents between the County and Developer to be recorded against the Property: the Notice of Affordability Restrictions on Transfer of Property, the Grant Deed, and the Memorandum of DDLA.
 - (j) "Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Developer, as trustor, Old Republic Title Company, as trustee, and the County, as beneficiary, that encumbers the Property to secure repayment of the Loan and Developer's performance of the County Documents.
 - (k) "Development" has the meaning set forth in Paragraph D of the Recitals.
 - (l) "DDLA" has the meaning set forth in Paragraph D of the Recitals.
 - (m) "Extremely Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for extremely low income households, adjusted for Actual Household Size, as established and amended from time to time by the Secretary of Housing and Urban Development and defined in Section 5.603(b) of Title 24 of the Code of

Federal Regulations, and as published by HCD. In the event the federal standards are discontinued, HCD shall, by regulation, establish income limits for extremely low income households for all geographic areas of the state at thirty percent (30%) of Median Income, adjusted for family size and revised annually.

(n) "Extremely Low Income Rent" has the meaning set forth in Section 2.2(a) below.

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

(p) "Former Agency" has the meaning set forth in Paragraph B of the Recitals.

(q) "HCD" means the State of California Department of Housing and Community Development.

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

(s) "Loan" has the meaning set forth in Paragraph F of the Recitals.

(t) "Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HCD. In the event the federal standards are discontinued, HCD shall, by regulation, establish income limits for low income households for all geographic areas of the state at sixty percent (60%) of Median Income, adjusted for family size and revised annually.

(u) "Low Income Rent" has the meaning set forth in Section 2.2(c) below.

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

(w)

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

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

(z) "Median Income" means the median gross yearly income (adjusted for Actual Household Size or Assumed Household Size as specified herein) in Contra Costa County, California, as published from time to time by HCD. 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 Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD.

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

(bb) "Project Area" has the meaning set forth in Paragraph B of the Recitals.

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

(dd) "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 Developer which are customarily charged in rental housing and required of all Tenants, 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 Developer, and paid by the Tenant.

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

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

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

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

(ii) "Very Low Income Household" means a household with an Adjusted Income that does not exceed the qualifying limits for very low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HCD. In the event the federal standards are discontinued, HCD shall, by regulation, establish income limits for very low income households for all geographic areas of the state at fifty percent (50%) of Median Income, adjusted for family size and revised annually.

(jj) "Very Low Income Rent" has the meaning set forth in Section 2.2(b) below.

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

ARTICLE 2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Extremely Low Income Units. During the Term Developer shall cause _____ Units to be rented to and occupied by or, if vacant, available for occupancy by, Extremely Low Income Households.

(b) Very Low Income Units. During the Term Developer shall cause _____ Units to be rented to and occupied by or, if vacant, available for occupancy by, Very Low Income Households.

(c) Low Income Units. During the Term Developer shall cause _____ Units to be rented to and occupied by or, if vacant, available for occupancy by, Low Income Households.

(d) Intermingling of Units. Developer shall cause the County-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 County-Assisted Units must be of the bedroom size set forth in the following chart:

	Extremely Low Income Units	Very Low Income Unit	Low Income Units
One-Bd.			
Two-Bd.			
Three-Bd.			
Total			

(e) Disabled Persons Occupancy.

(1) Developer shall cause the Development to be 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").

(2) In compliance with the Accessibility Requirements, a minimum of _____ units in the Development must be constructed to be fully accessible to households with a mobility impaired member and an additional _____ units in the Development must be constructed to be fully accessible to hearing and/or visually impaired persons. In compliance with the Accessibility Requirements Developer shall provide the County with a certification

from the Development architect that to the best of the architect's knowledge, the Improvements comply with all federal and state accessibility requirements applicable to the Improvements.

(3) Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its architect, contractor and subcontractors) to construct the Improvements in accordance with the Accessibility Requirements. The requirements in this Subsection survive repayment of the Loan and the reconveyance of the Deed of Trust.

(f) Senior Occupancy. Developer has elected to operate the Development as a senior housing development and as such to require all Units in the Development, except for the resident manager's units, to be occupied or held available for occupancy by households containing "elderly" or "senior citizen" residents. Developer shall operate the Development at all times in compliance with the provisions of: (i) the Unruh Act, (ii) the United States Fair Housing Act, as amended, and (iii) the California Fair Employment and Housing Act, which relate to lawful senior housing. Developer shall develop and implement appropriate age verification procedures to ensure compliance with the requirements of this Section. Developer shall provide the County with a copy of its written verification procedures. Developer shall indemnify, protect, hold harmless and defend (by 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 Developer's failure to comply with applicable legal requirements related to housing for seniors. This obligation to indemnify survives termination of this Agreement, repayment of the County Loan and the reconveyance of the Deed of Trust.

2.2 Allowable Rent.

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

(b) Very Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by Tenants of Very Low Income Units may not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size.

(c) Low Income Rent. Subject to the provisions of Section 2.4 below, the Rent paid by Tenants of Very Low Income Units may not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for Assumed Household Size.

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

2.3 Rent Increases.

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

(b) Rent Increases. All Rent increases for all County-Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a County-Assisted Unit, Developer shall submit to the County a schedule of any proposed increase in the Rent charged for County-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 County-Assisted Units provided to Developer by the County, or is greater than a 5% increase over the previous year's Rent. Developer shall give Tenants written notice at least thirty (30) days prior to any Rent increase, following completion of the County approval process set forth above.

2.4 Increased Income of Tenants.

(a) Increased Income above Extremely Low Income but below Very Low Income Limit. If, upon the annual certification of the income of a Tenant of an Extremely Low Income Unit, Developer determines that the income of the Tenant has increased above the qualifying limit for an Extremely Low Income Household, but not above the qualifying income 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. Developer shall then rent the next available Unit to an Extremely Low Income Household to comply with the requirements of Section 2.1(a) above, at a Rent not exceeding the maximum Rent specified in Section 2.2(a), 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(a) above. Upon renting the next available Unit in accordance with Section 2.1(a) 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 County-Assisted Unit.

(b) Increased Income above Very Low Income but below Low Income Limit. If, upon the annual certification of the income of a Tenant of a County-Assisted Unit, Developer determines that the income of the Tenant has increased above the qualifying limit for a Very Low Income Household, but not above the qualifying income for a Low Income Household, the Tenant may continue to occupy the Unit and the Tenant's Rent will remain at a Rent not exceeding the applicable maximum Rent specified in Section 2.2. Developer shall then rent the next available Unit to an Extremely Low Income Household, or Very Low Income Household to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or re-designate another comparable Unit in the Development with an Extremely Low Income Household or Very Low Income Household, as a County-Assisted Unit, to comply with the requirements of Section 2.1 above. Upon renting the next available Unit in accordance with Section 2.1 or re-designating another Unit in the Development as an Extremely Low Income Unit or Very Low Income Unit, as a County-Assisted Unit, the Unit with

the over-income Tenant will no longer be considered a County-Assisted Unit.

(c) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a County-Assisted Unit, Developer 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, Developer may:

(1) With 60 days' advance written notice, increase such Tenant's Rent to one-twelfth (1/12) of thirty percent (30%) of the actual Adjusted Income of the Tenant, and

(2) Rent the next available Unit to an Extremely Low Income Household, Very Low Income Household, or Low Income Household to comply with the requirements of Section 2.1 above as applicable, at a Rent not exceeding the applicable maximum Rent specified in Section 2.2, or designate another comparable Unit that is occupied by an Extremely Low Income Household, Very Low Income Household, or Low Income Household, as a County-Assisted Unit, to meet the requirements of Section 2.1 above. On the day that Developer complies with Section 2.1 in accordance with this Section 2.4(d), the Unit with the over-income Tenant will no longer be considered a County-Assisted Unit.

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

ARTICLE 3 INCOME CERTIFICATION; REPORTING; RECORDS

3.1 Income Certification. Developer shall obtain, complete, and maintain on file, within sixty (60) days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the County-Assisted Units. Developer 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, Developer 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, Developer 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.

3.2 Reporting Requirements.

(a) Developer 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 County-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 Developer shall cause each annual report after the initial report to include a record of any subsequent Tenant substitutions and any vacancies in County-Assisted Units that have been filled.

(b) Developer 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 the County.

3.3 Tenant Records. Developer 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 Developer, (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. Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years. The County may examine and make copies of all books, records or other documents of Developer that pertain to the Development.

3.4 Development Records.

(a) Developer shall keep and maintain at the principal place of business of the Developer 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. Developer shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of the County Documents to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this Regulatory Agreement. Developer shall cause all books, records, and accounts to be open to and available for inspection and copying by the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Developer shall cause copies of all tax returns and other reports that Developer 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 Developer are kept. Developer shall preserve such records for a period of not less than five (5) years after their creation. 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 Developer shall retain the records until such action and all related issues are resolved. Developer shall cause the records to include all invoices, receipts, and other documents related to expenditures from the Loan funds. 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 compliance with the maintenance requirements set forth in Section 5.6;
- (iii) Records documenting compliance with the fair housing, equal opportunity, and affirmative fair marketing requirements;
- (iv) Financial records;
- (v) Records demonstrating compliance with the marketing, tenant selection, affordability, and income requirements;
- (vi) Records demonstrating compliance with MBE/WBE requirements;
- (vii) 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; and
- (viii) Records demonstrating compliance with labor requirements including certified payrolls from Developer's general contractor evidencing that applicable prevailing wages have been paid.

(b) The County shall notify Developer of any records it deems insufficient. Developer 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 Developer 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. Other than the senior community center space leased to the County, Developer shall operate the Development for residential use only. No part of the Development may be operated as transient housing.

4.2 Compliance with County Documents and Program Requirements. Developer's actions with respect to the Property shall at all times be in full conformity with: (i) all requirements of the County Documents; (ii) all requirements imposed on projects assisted with Affordable Housing Funds as contained in the Community Redevelopment Law; and (iii) any other regulatory requirements imposed on the Development. Developer shall promptly notify the County in writing of the existence of any default under any of the foregoing documents, and provide the County copies of any such notice of default.

4.3 Marketing Plan; Tenant Selection Plan.

(a) Marketing Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Developer shall submit to the County for approval its plan for marketing the Development to income-eligible households as required by this Regulatory Agreement (the "Marketing Plan").

(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 Developer specific reasons for such disapproval and Developer shall submit a revised Marketing Plan within fifteen (15) days of notification of the County's disapproval. Developer shall follow this procedure for resubmission of a revised Marketing Plan until the Marketing Plan is approved by the County. If the Developer 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, Developer will be in default of this Regulatory Agreement.

(b) Tenant Selection Plan.

(1) No later than six (6) months prior to the date construction of the Development is projected to be complete, Developer shall submit to the County, for its review and approval, Developer's written tenant selection plan (the "Tenant Selection Plan").

(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 Developer specific reasons for such disapproval and Developer shall submit a revised Tenant Selection Plan within fifteen (15) days of notification of the County's disapproval. Developer shall follow this procedure for resubmission of a revised Tenant Selection Plan until the Tenant Selection Plan is approved by the County. If the Developer 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, Developer will be in default of this 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, Developer shall submit to the County for approval Developer's proposed form of lease agreement for the County's review and approval. When leasing Units within the Development, Developer shall use the form of lease approved by the County. The form of lease must comply with all requirements of this Regulatory Agreement, the other County Documents and must, among other matters:

(1) provide for termination of the lease for failure to: (i) provide any information required under this Regulatory Agreement or reasonably requested by Developer 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 Regulatory Agreement, or (ii) qualify as an Extremely Low Income Household, Very Low Income

Household, or Low Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation.

(2) be for an initial term of not less than one (1) year, unless by mutual agreement between the Tenant and Developer, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month-to-month by mutual agreement of Developer and the 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(e) 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 Term, Developer shall comply with the Marking Plan and Tenant Selection Plan approved by the County.

4.5 Lease Termination. Any termination of a lease or refusal to renew a lease for a County-Assisted Unit within the Development must be preceded by not less than sixty (60) days written notice to the Tenant by Developer specifying the grounds for the action.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. Developer 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. Developer shall retain a professional property management company approved by the County in its reasonable discretion to perform Developer's management duties hereunder. An on-site property management representative shall reside at the Property.

5.2 Management Agent. Developer 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"). Developer shall submit for the County's approval the identity of any proposed subsequent management agent. Developer shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for the County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a qualified management agent set forth above, the County shall approve the proposed management agent by notifying Developer 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 Regulatory Agreement. Developer 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 Regulatory Agreement, the County shall deliver notice to Developer of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Developer of such written notice, the County staff and Developer shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Developer 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 Developer 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 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. Developer 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 Regulatory Agreement.

5.6 Property Maintenance.

(a) Developer shall maintain, for the entire Term of this Regulatory Agreement, all interior and exterior Improvements, including landscaping in decent, safe and sanitary condition, and in good condition and repair, in accordance with the maintenance standards provided by the County (the "Maintenance Standards"). Developer 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; and (ii) free of all health and safety defects. Developer shall correct any life-threatening maintenance deficiencies, including those set forth in the Maintenance Standards immediately upon notification.

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

5.7 Property Inspections.

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

(b) Violation of Maintenance Standards. If after an inspection, the County determines that Developer is in violation of the Maintenance Standards, the County will provide Developer a written report of the violations. Developer shall correct the violations set forth in the report provided to Developer 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 Developer by the County with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after delivery of the report to Developer by the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the violation. Pursuant to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount Developer 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. Developer may not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to income eligible households pursuant to this Regulatory Agreement. Developer herein covenants by and for Developer, assigns, and all persons claiming under or through Developer, 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 Developer or any person claiming under or through Developer, 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) Developer 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. Developer 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 Developer apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants.

6.2 Application of Provisions. The provisions of this Regulatory Agreement apply to the Property for the entire Term even if the Loan is paid in full prior to the end of the Term. This Regulatory Agreement binds any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County 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 Developer hereby declare their express intent that the covenants and restrictions set forth in this Regulatory Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the Term said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, is to be held conclusively to have been executed, delivered and accepted subject to the covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this Regulatory Agreement.

6.4 Enforcement by the County. If Developer fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within thirty (30) days after the County has notified Developer in writing of the default, the County may enforce this Regulatory Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the Loan. The County may declare a default under the County Documents, accelerate the indebtedness evidenced by the County Documents, 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 Developer's performance of its obligations under this Regulatory Agreement, and may seek damages.

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

6.5 Notice of Expiration of Term.

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

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

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

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

6.10 Amendments. This 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 Director

Developer: La Loma Rodeo EAH LLC
c/o EAH, Inc.
22 Pelican Way
San Rafael, Ca 94901
Attention: President

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

6.12 Rights of Third Parties to Enforce Covenants. Notwithstanding any other provisions of law, all covenants and restrictions contained herein which implement Health and Safety Code Sections 33334.3 and/or 33413(b)(4), or successor provisions, shall run with the land and shall be enforceable by the County, and any of the parties listed in Health and Safety Code Section 33334.3(f)(7), so long as such provision or successor provision remains in effect.

6.13 Listing of Property in Database. Developer hereby acknowledges and agrees that California Health and Safety Code Section 33418(c) requires that the Property be listed in a database that shall be made available to the public on the internet and which will include the street address, assessor's parcel number, and other information about the Property. The Developer must disclose this requirement to all Tenants and prospective Tenants.

6.14 Severability. If any provision of this 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 Regulatory Agreement will not in any way be affected or impaired thereby.

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

WHEREAS, this 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:

MARY ANN McNETT MASON
County Counsel

By: _____
Kathleen Andrus
Deputy County Counsel

DEVELOPER:

LA LOMA RODEO EAH LLC,
a California limited liability company

By: EAH, Inc., a California nonprofit public benefit corporation, its sole member

By: _____
Name: _____
Its: _____

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