

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Bloomington Housing Phase III- HOME Loan)

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This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated as of February __, 2020, and is between the County of San Bernardino, a political subdivision of the State of California (the "County"), and Bloomington III Housing Partners, L.P., a California limited partnership ("Borrower").

RECITALS

A. These Recitals refer to and utilize certain capitalized terms; defined terms used but not defined in these Recitals are as defined in Article 1 of this Agreement. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the HOME Investment Partnership Act Loan Agreement by and between the County and Borrower, dated as of February 11, 2020, as such may be amended from time to time (the "Loan Agreement").

B. The County owns fee title interest in approximately 4.91 acres of real property located near the corner of Valley Boulevard and Locust, in the unincorporated area of the County, as more particularly described in Exhibit A (the "Property").

C. Borrower holds a leasehold interest in the Property.

D. The Property is part of a multi-phase development commonly referred to as the Bloomington Mixed Use Development. Phase I of the Bloomington Mixed Use Development includes one hundred six (106) units of affordable multi-family rental housing. Phase II of the Bloomington Mixed Use Development includes eighty-four (84) units of affordable multi-family housing.

E. As part of the third phase of the Bloomington Mixed Use Development project, the Borrower intends to construct approximately ninety-eight (98) low-income, multi-family rental units (the "Improvements"). The Improvements and the Property are referred to as the "Development."

F. Pursuant the Loan Agreement, the County has made a loan of up Three Million Five Hundred Thousand Dollars (\$3,500,000) of HOME Investment Partnerships Act funds ("HOME Funds") to fund eligible activities for the Development as allowed under 24 C.F.R. 92.64 (the "Loan"). The County has the authority to loan the HOME Funds pursuant to 24 C.F.R. 92.205.

G. The County has agreed to make the Loan on the condition seventeen (17) Units in the Development (the "HOME-Assisted Units"), which Units are "fixed" Units as defined in 24 C.F.R. 92.252(j). The HOME-Assisted Units are required to be maintained and operated in accordance with the HOME Regulation for the entire HOME Term and thereafter for the remaining Term of this Agreement in accordance with the restrictions concerning affordability,

operation, and maintenance that are set forth in this Agreement and in the related documents evidencing the Loan.

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

THEREFORE, the County and the Borrower hereby agree as follows:

ARTICLE 1
DEFINITIONS; EXHIBITS

1.1 Definitions.

The following terms have the following meanings:

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

(b) "Adjusted Annual Income" means the total anticipated annual income of all persons in the Tenant household as calculated pursuant to 24 C.F.R. 92.203(b)(1). Adjusted Annual Income includes income from all persons in the household, including nonrelated individuals.

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

(d) "Assumed Household Size" means the assumed household size "adjusted for family size appropriate to the unit" as such term is defined in California Health and Safety Code Section 50052.5(h). The definition is utilized to calculate affordable rent and is not intended to be a limit on the number of persons occupying a unit.

(e) "Completion Date" means the date that all of the following have occurred: (1) a temporary or final certificate of occupancy, or equivalent document is issued by the County to certify completion of the construction of the Improvements; (2) the final disbursement of HOME Funds for the Development has been made; (3) the County has verified the Development complies with the property standards set forth in 24 C.F.R. 92.251; and (4) all project completion information has been entered by the County into the Integrated Disbursement and Information System (IDIS).

(f) "Completion of Construction" means the date the construction of the Improvements is completed as evidenced by the issuance of a certificate of occupancy or equivalent document issued by the County, to certify completion of the construction of the Improvements.

(g) "County" has the meaning set forth in the opening paragraph of this Agreement.

(h) "Deed of Trust" means the Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith by and among Borrower, as trustor, Fidelity National Title Insurance Company, as trustee, and the County, as beneficiary, that will encumber the Development to secure repayment of the Loan and Borrower's performance of the covenants set forth in the documents evidencing the Loan.

(i) "Development" has the meaning set forth in Paragraph E of the Recitals.

(j) "Extremely Low Income Household" means a household with an Adjusted Annual Income which does not exceed the qualifying limits for extremely low income families as established and amended from time to time by HUD and defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations, as published by HUD.

(k) "Extremely Low Income Rent" means the rent permitted to be charged for an Extremely Low Income Unit pursuant to Section 2.2 below.

(l) "Extremely Low Income Units" means the HOME-Assisted Units, which, pursuant to Section 2.1, are required to be occupied by Extremely Low Income Households.

(m) "High HOME Rent" means a monthly Rent amount not exceeding 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).

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

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

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

(q) "HOME Term" means the period beginning on the date of this Agreement and ending on the twentieth (20th) anniversary of the Completion Date. After the expiration of the HOME Term, for the purposes of the HOME Regulations, the Development will no longer be considered an existing HOME assisted rental project.

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

(s) "Improvements" has the meaning set forth in Paragraph E of the Recitals.

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

(u) "Loan Agreement" has the meaning set forth in Paragraph A of the Recitals.

(v) "Loan Documents" means the documents executed by Borrower evidencing the Loan, including this Agreement, the Note, Deed of Trust, and the Loan Agreement.

(w) "Low HOME Rent" means a monthly Rent amount not exceeding the maximum rent published by HUD for a Very Low Income Household for the applicable bedroom size or as otherwise set forth in 24 C.F.R. 92.252(b).

(x) "Low Income Household" means a Tenant household with an Adjusted Annual 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. 92.2. An individual who is a student that is ineligible to receive Section 8 assistance under 24 C.F.R. 5.612, and thus ineligible to receive any type of HOME assistance, shall not qualify as a Low Income Household.

(y) "Low Income Units" means the HOME-Assisted Units which, pursuant to Section 2.1 below, are required to be occupied by Low Income Households.

(z) "Management Agent" has the meaning set forth in Section 5.2.

(aa) "Median Income" means the median gross yearly income, adjusted for Actual Household Size as specified herein, in the County of San Bernardino, California, as published from time to time by HUD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County will provide Borrower with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

(bb) "Note" means that certain Promissory Note, of even date herewith, that evidences Borrower's obligation to repay the Loan, as such may be amended from time to time.

(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 (other than the manager's Unit) for the following: (1) use and occupancy of the Unit and land and associated facilities, including parking; (2) any reasonable and customary separately charged fees or service charges assessed by Borrower which are required of all Tenants which meet the requirements under 24 C.F.R. 92.214(b)(3), other than security deposits; (3) the County-approved utility allowance, calculated pursuant to 24 C.F.R. 92.252(d) or otherwise determined based upon the specific utilities used at the Development as allowed under 24 C.F.R. 92.252(d)(1), 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 (4) 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. In no event shall the Rent of a Unit exceed the amount permitted by the County pursuant to Section 2.2 hereof.

(ee) "Service Provider" has the meaning set forth in Section 5.6.

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

(gg) "Tenant Services" has the meaning set forth in Section 5.6.

(hh) "Term" means the term of this Agreement which commences as of the date of this Agreement, and unless sooner terminated pursuant to the terms of this Agreement, expires on the date fifty-five (55) years from the Completion Date.

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

(jj) "Very Low Income Household" means a household with an Adjusted Annual 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. An individual who is a student that is ineligible to receive Section 8 assistance under 24 C.F.R. 5.612, and thus ineligible to receive any type of HOME assistance, shall not qualify as a Very Low Income Household.

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

1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A: Legal Description of the Property
- Exhibit B: Schedule of HOME Rents
- Exhibit C: Certificate of Continuing Program Compliance
- Exhibit D: Form of Certification of Tenant Eligibility
- Exhibit E: Uniform Physical Conditions Standard

ARTICLE 2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

(a) Extremely Low Income Units. During the Term, Borrower shall rent two (2) of the one-bedroom Units, two (2) of the two-bedroom Units, and one (1) of the three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Extremely Low Income Households, these Units shall be considered HOME-Assisted Units.

(b) Very Low Income Units. During the Term, Borrower shall rent eight (8) of the two-bedroom Units and four (4) of the three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Very Low Income Households, these Units shall be considered HOME-Assisted Units.

(c) Intermingling of Units. The HOME-Assisted Units are required 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.

(d) Manager's Unit. One (1) two-bedroom Unit shall be available for designation as the management staff unit.

2.2 Allowable Rent.

(a) Extremely Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of Extremely Low Income Units may not exceed the Low HOME Rent provided to the Borrower annually by the County, which shall be consistent with the HUD published HOME rents.

(b) Very Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of Very Low Income Units may not exceed the Low HOME Rent provided to the Borrower annually by the County, which shall be consistent with the HUD published HOME rents.

(c) Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of Low Income Units may not exceed the High HOME Rent provided to the Borrower annually by the County, which shall be consistent with the HUD published HOME rents.

(d) Assumed Household Size. In calculating the allowable Rent for the Units, the Assumed Household Size shall be determined pursuant to the terms of Health and Safety Code Section 50052.5(h), as shown below):

Number of Bedrooms	Assumed Household Size
One	2
Two	3
Three	4

(e) Approval of Rents. Initial Rents for all HOME-Assisted Units shall be approved by the County prior to occupancy. All Rent increases for HOME-Assisted Units shall also be subject to approval by the County. No later than thirty (30) days after HUD publishes Median Income for the County of San Bernardino, the County shall provide the Borrower with a schedule of permissible maximum Very Low Income Rents and Low Income Rents for the succeeding year (the "Rent Schedule"). The Rent Schedule for each calendar year shall reflect an increase or decrease in maximum permissible rents which corresponds directly to any increase or decrease in Median Income for the County of San Bernardino from the Median Income for the County of San Bernardino published for the previous calendar year. Under no circumstance may the Borrower raise rents for HOME-Assisted Units above the permissible maximum rents as allowed under the annual rent schedule provided by the County.

(f) No Additional Fees. Borrower may not charge any fee, other than Rent, to any Tenant of the HOME-Assisted Units for any housing or other services provided by Borrower that are not customarily charged in rental housing. Nothing herein shall prevent Borrower from establishing charges for tenant defaults and for other voluntary services, so long as such fees are not prohibited under 24 CFR 92.214.

(g) Occupancy. Borrower shall cause the Development to be operated at all times in compliance with all applicable provisions of: (1) the Unruh Act, including but not limited to California Civil Code Sections 51.2, 51.3 and 51.4 which relate to the requirements for lawful senior housing; (2) the California Fair Employment and Housing Act, Government Code Section 12900 et seq., which relates to lawful senior housing; (3) Section 504 of the Rehabilitation Act of 1973; (4) the United States Fair Housing Act, as amended, 42 U.S.C. Section 3607(b) and 24 CFR 100.304, which relate to lawful senior housing; and (5) the Americans With Disabilities Act of 1990, which relate to disabled persons access. Borrower shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its boardmembers, officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for persons with disabilities. The indemnification provisions of this subsection will survive expiration of the Term or other termination of this Agreement, and remain in full force and effect.

(h) Approved Rents. Subject to Sections 2.2, above, the County may not unreasonably disapprove Initial Rents and annual Rent increases in subsequent years that are less than or equal to the maximum rents, for the applicable year, established by HUD for the HOME program and established by TCAC for Tenants in an income tier under 30%, 40%, 50% or 60% of AMI ("Tax Credit Rents"), provided, however; County shall have no approval rights over Borrower's right to charge TCAC rents to the extent they are lower than HOME rents.

2.3 Rent Increases; Increased Income of Tenants.

(a) Rent Increases. The proposed initial Rents and subsequent Rents for all HOME-Assisted Units shall be provided to the Borrower by the County prior to initial or subsequent occupancy and prior to a rent increase, and shall be subject to the HOME

Regulations. A schedule of current HOME rents is attached as Exhibit B. Subject to Section 2.2(h), Borrower may not impose any Rent increases on HOME-Assisted Units, without prior submission to the County of any proposed Rent increases and without written approval from the County of the proposed Rent increases. The Rent for such HOME-Assisted Units may be increased, consistent with the HOME rents published by HUD, no more than once annually based upon the annual income certification described in Article 3 below and in no event shall any increase exceed the Tax Credit Rents. Tenants shall be given at least sixty (60) days written notice prior to any Rent increase. The County will provide Borrower with a schedule of maximum permissible Rents for the Units annually.

(b) Increased Income Over Extremely Low Income but below Very Low Income Limit. If, upon recertification of a Tenant's income, the Borrower determines that a former Extremely Low Income Household's Adjusted Income has increased and exceeds the qualifying income for an Extremely Low Income Household, but has an Adjusted Income not exceeding the qualifying income for a Very Low Income Household, then, such Tenant shall be permitted to retain the Unit and shall continue to be charged Extremely Low Income Rent. Upon expiration of the Tenant's lease for such year and upon sixty (60) days' written notice, the Rent may be increased to the Very Low Income Rent, and such Tenant's Unit may be considered a Very Low Income Unit.

(c) Increased Income Over Very Low Income but Below Low Income Limit. If, upon recertification of a Resident's income, the Borrower determines that a former Very Low Income Household's Adjusted Income has increased and exceeds the qualifying income for a Very Low Income Household, but has an Adjusted Income not exceeding the qualifying income for a Low Income Household, then, such Tenant shall be permitted to retain the Unit and shall continue to be charged Very Low Income Rent. Upon expiration of the Tenant's lease for such year and upon sixty (60) days' written notice, the Rent may be increased to the Low Income Rent, and such Tenant's Unit may be considered a Low Income Unit;

(d) Low Income Household. If, upon recertification of a Tenant's income the Borrower determines that a former Extremely Low Income Household, Very Low Income Household or Low Income Household's income has increased and exceeds the qualifying income for Low Income Households (above eighty percent (80%) of the Median Income), the Tenant may continue to occupy the Unit. Upon expiration of the Tenant's Lease for such year, the Affordable Developer shall: (1) Subject to Section 6.18, with 60 days' advance written notice, increase such Resident's Rent to the lesser of (i) one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted Income of the Resident, and (ii) the fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements); and (2) Rent the next available Unit to an Extremely Low Income Household or Very Low Income Household at Rent not exceeding the maximum Rent specified in Section 2.2, as applicable, to comply with the requirements of Section 2.1 above.

(e) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a HOME-Assisted Unit, Borrower determines that the income of an a Very Low Income Household or a Low Income Household has increased above the qualifying limit for

a Low Income Household, such Tenant shall be permitted to retain the Unit and upon expiration of the Tenant's lease and upon sixty (60) days written notice, the Rent must be increased to the lesser of one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted Annual Income of the Tenant, or fair market rent (subject to 24 C.F.R. 92.252(i)(2) regarding low income housing tax credit requirements), and Borrower shall rent the next available Unit to an a Very Low Income Household or a Low 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 re-designate another comparable Unit in the Development with a Very Low Income Household or Low Income Household as applicable as a HOME-Assisted Unit, to meet 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 a HOME-Assisted Unit for Low Income, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit Low Income.

(f) Termination of Occupancy. Upon termination of occupancy of a HOME-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 or another Unit is re-designated as a HOME-Assisted Unit, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1.

2.4 Units Available to the Disabled. Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act of 1973 (29 U.S.C. 794 et seq.); and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794, et. seq.), a minimum of five (5) Units, representing five percent (5%) of the Units in the Development, shall be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of two (2) Units, representing two percent (2%) of the Units in the Development) shall be constructed and to be readily accessible and usable by households with a hearing and/or visually impaired member. Not less than thirty (30) days from the Completion Date, the Borrower shall deliver to the County the certification required pursuant to Section 7.20 of the DDA.

2.5 Lease Provisions. The Borrower shall include in leases for all HOME-Assisted Units provisions which authorize the Borrower to immediately terminate the tenancy of any household one or more of whose members misrepresented any fact material to the household's qualification as an Extremely Low Income Households, Very Low Income Household or Low Income Household, as applicable. Each lease or rental agreement shall also provide that the household is subject to annual certification in accordance with Section 3.1 below, and that, if the household's income increases above the applicable limits for an Extremely Low Income Households Very Low Income Household or Low Income Household, as applicable, such household's Rent may be subject to increase pursuant to Section 2.3 above.

2.6 Condominium Conversion. During the Term of this Agreement, the Borrower shall not convert any of the Units in the Development to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property.

ARTICLE 3
INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

(a) Borrower shall obtain, complete, and maintain on file, immediately prior to initial occupancy and annually thereafter, income certifications from each Tenant renting any of the HOME-Assisted Units (excluding the Manager's Unit). Borrower shall make a good faith effort to verify the accuracy of the income provided by all applicants or all members of the occupying household, as the case may be, in the income certification. To verify the information Borrower shall take one or more of the following steps as part of the verification process: (1) obtain a minimum of the three most current pay stubs for all adults age eighteen (18) or older; (2) obtain an income tax return for the most recent tax year; (3) conduct a credit agency or similar search; (4) obtain an income verification form from the applicant's current employer verifying employment for the last two months; (5) obtain the three (3) most current savings and checking account bank statements; (6) 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, verifying assistance for the last two months (as available from those agencies); or (6) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Copies of Tenants' income certifications shall be available to the County upon reasonable written request.

(b) In addition, during the HOME Term, Borrower shall cause each Tenant in a HOME-Assisted Unit to execute a Certification of Tenant Eligibility in the form attached as Exhibit D, or some other alternative tenant certification reasonably approved in writing by the County. Borrower shall fill out the "Development Owner" portion of the Certification of Tenant Eligibility and provide it to the County along with supporting documentation collected by Borrower. Copies of the Certifications of Tenant Eligibility and accompanying documentation must be submitted to the County annually for each of the HOME-Assisted Units.

3.2 Tenant Selection.

(a) Before leasing any Units in the Development, the Borrower must provide the County for its review and approval the Borrower's written marketing and resident selection plan that at a minimum meets the requirements for tenant selection set forth in 24 C.F.R. 92.253(d) and any modification thereto as required under Section 4.12 of the Loan Agreement.

(b) The Borrower shall not discriminate against any applicants for tenancy on the basis of source of income or rent payment (for example, without limitation, Temporary Assistance for Needy Families (TANF) or Section 8), and the Borrower shall consider a prospective Tenant's previous rent history of at least one (1) year, or such other time period the Borrower deems reasonable, as evidence of the prospective Tenant's ability to pay the applicable Rent. The ability to pay shall be demonstrated if the prospective Tenant can document that the prospective Tenant's gross income is at least two (2) times the prospective rent. The Borrower, in the reasonable exercise of its discretion, may waive the requirement that the prospective

Tenant's gross income equal at least two (2) times the prospective rent, and admit prospective Tenants with lower gross incomes.

3.3 Reporting Requirements. Borrower shall submit to the County: (a) not later than the ninetieth (90th) day after the close of each calendar year, or such other later date as may be requested by the County, a signed copy of the Certification of Program Compliance in the form attached as Exhibit C; and (b) within fifteen (15) days after receipt of a written request, and 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.

3.4 Additional Information. Borrower shall provide any additional information reasonably requested by the County with regards to the Borrower or the Development. The County shall have the right to examine and make copies of all books, records or other documents of the Borrower which pertain to the Development.

3.5 Records. Borrower shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the County to inspect records, including records pertaining to income and household size of Tenants and Rent charged to such Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be at all times: (a) separate and identifiable from any other business of Borrower; (b) maintained as required by the County, in a reasonable condition for proper audit; and (c) 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.

3.6 HOME Record Requirements. All records maintained by Borrower pursuant to Sections 3.3 and 3.5 above are to be: (a) maintained in compliance with all applicable HUD records and accounting requirements; and (b) open to and available for inspection and copying by HUD and its authorized representatives at reasonable intervals during normal business hours; provided however, records pertaining to Tenant income verifications, Rents, and Development physical inspections must be kept for the most recent five (5) year period and are subject to HUD inspection for five (5) years after expiration of the HOME Term. Borrower is subject to the audit requirements set forth in 24 CFR 92.506 during the HOME Term.

3.7 Annual Operating Budget. The Borrower, at least thirty (30) days prior to the end of each of the Borrower's fiscal year, shall furnish the County an Annual Operating Budget for the upcoming calendar year.

3.8 On-Site Inspection.

(a) The County may perform, or cause to be performed, an on-site inspection of the Development (including HOME-Assisted Units, subject to the rights of Tenants) at least one (1) time per year upon two (2) business days' written notice to Borrower during normal business hours to monitor compliance with this Agreement. Borrower shall cooperate in making the Development available for such inspection. Borrower agrees and acknowledges that during the HOME Term the County must conduct on-site inspections,

consistent with the requirements of 24 C.F.R. 92.504(d), to determine compliance with the property standards set forth in 24 C.F.R. 92.251, at least once every three (3) years after the Completion of Construction of the Improvements or as otherwise required under 24 CFR 200.285.

(b) After the completion of an inspection the County shall deliver a copy of the Uniform Physical Conditions Standards inspection report to the Borrower. If the County determines as a result of such inspection that there are any life-threatening health and safety related deficiencies, Borrower has the obligation to correct such deficiencies immediately, in accordance with 24 C.F.R. 92.251. If the County determines as a result of the inspection that there are any deficiencies for any of the inspectable items in the Development (other than those identified in the preceding sentence), the Borrower shall correct such deficiencies within fifteen (15) days from the delivery of the inspection report 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. In addition, the Borrower acknowledges that the County may re-inspect the Development to verify all deficiencies have been corrected or rely on third party documentation submitted by the Borrower for non-hazardous deficiencies in conformance with 24 C.F.R 92.504(d).

(c) Upon expiration of the HOME Term, the County may perform on-site inspections on the same terms as Section 3.8(a) above.

3.9 Use of Reserve Funds. The Borrower agrees to create and maintain the reserves required by the Approved Financing (as defined in the Loan Agreement) and the reserves in the amounts approved by the County as part of the Approved Financing Plan submitted by the Borrower pursuant to the terms of the Loan Agreement. The Borrower shall notify the County of any withdrawals from the reserve accounts.

3.10 Tenant Services Plan. For the entire Term of this Agreement, the Borrower shall provide social services programs in accordance with the Services Plan and Services Budget reasonably approved by the County pursuant to Section 3.19 of the Loan Agreement. The Annual Budget shall show required expenditures of Annual Operating Expenses to fund Tenant Services required under the Services Plan.

ARTICLE 4
OPERATION OF THE DEVELOPMENT

4.1 Residential Use. The Development shall be used and continuously operated and maintained as multi-family and intergenerational rental housing to be made available to and occupied by Extremely Low, Very Low and Low Income Households, as applicable, in conformity with this Regulatory Agreement. No part of the Development may be operated as an emergency shelter (including shelter for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).

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: (a) all requirements of the Loan Documents; (b) 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, as such may be amended or supplemented from time to time; and (c) any other regulatory requirements imposed on Borrower.

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

4.4 Property Tax Exemption. Borrower shall not be allowed to apply to the State Board of Equalization for or obtain a welfare exemption from property taxes under any provision of law, including California Revenue and Taxation Section 214(g).

4.5 Section 8 Certificate Holders. Borrower shall accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. Borrower may not apply selection criteria to Section 8 certificate or voucher holders that are 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.

ARTICLE 5
PROPERTY MANAGEMENT, MAINTENANCE AND TENANT SERVICES

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants for HOME-Assisted Units in accordance with the requirements of 24 C.F.R. 92.253(d), 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. A resident manager shall also be required. Pursuant to Section 8.8 of the DDA, the Borrower shall submit to the County an initial proposed management plan pursuant to the Schedule of Performance. The County shall approve or disapprove the proposed management plan in writing within fifteen (15) business days following the County's receipt of the proposed management plan, which approval shall not be unreasonably denied, conditioned or delayed. If the proposed management plan is disapproved by the County, the County shall deliver a written notice to the Borrower setting forth, in reasonable detail, the reasons for such disapproval. The Borrower shall have fifteen (15) business days following the receipt of such notice to submit a revised management plan. The County's approval of the amendments to the management plan shall not be unreasonably withheld, conditioned or delayed. The Management Plan approved pursuant to Section 8.8 of the DDA shall be deemed to comply with the requirements of this Section.

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 hereby approves of The John Stewart Company as the initial Management Agent for the Development. For any change in the Management Agent, the Borrower shall submit for the County's approval the identity of any proposed Management Agent. The 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 the Borrower in writing.

5.3 Periodic Performance Review. The County reserves the right to conduct a periodic review of the management practices and financial status of the Development within thirty (30) days after each anniversary of the Completion Date. The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this Agreement. The Borrower shall cooperate with the County in such reviews.

5.4 Replacement of Management Agent.

(a) If, as a result of a periodic review, the County determines in its reasonable judgment that the Development is not being operated and managed in accordance with any of the requirements and standards of this Agreement, the County shall first deliver notice to the Borrower of such operational issues which notice shall describe the County's findings with specificity and the County may, in the same notice, notify the Borrower its intention to cause replacement of the Management Agent, subject to the rights of partners of the Borrower. Within thirty (30) days of receipt by the Borrower of such written notice, the County staff and Borrower, and any partners of the 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.

(b) If, after such meeting, County staff recommends in writing the replacement of the Management Agent, with the reasonable concurrence of the partners of the Borrower, Borrower will promptly dismiss the then-current Management Agent, and must 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, and subject to the rights of any senior lender.

(c) Any contract for the operation or management of the Development entered into by Borrower must provide that the Management Agent may be dismissed and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.7 below.

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

5.6 Tenant Service Provider.

(a) The Borrower will be providing on-site services which Borrower will make available to all Tenants in the Development (the "Tenant Services"). The Borrower must submit to the County for approval the name and qualifications of any proposed service provider (the "Service Provider"). The County hereby approves PATH and the Boys and Girls Club of Fontana, as the initial Service Provider for the Development.

(b) The Service Provider must demonstrate the ability to provide Tenant Services in residential facilities like the Development in an effective manner. The Borrower must submit such additional information about the background, experience and financial condition of any proposed Service Provider as is reasonably necessary for the County to determine whether the proposed Service Provider meets the standards for a qualified Service Provider of developments of this type.

(c) If the proposed Service Provider meets the standard for a qualified Service Provider set forth above, the County shall approve the proposed Service Provider by notifying Borrower in writing. Unless the proposed Service Provider is disapproved in writing by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.7 Property Maintenance.

(a) Borrower must maintain, for the entire Term of this Agreement, all interior and exterior Improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by Related or Related Affiliates and in accordance with a Management Plan approved pursuant to Section 5.5 of this Agreement, as the same may be amended from time to time, and 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 in a decent, safe, sanitary condition and in good repair pursuant to the Uniform Physical Conditions Standards established by HUD pursuant to 24 C.F.R. 5.703 and as required under 24 C.F.R. 92.251.

(b) The County places prime importance on quality maintenance to protect its investment and to ensure that all County funded affordable housing projects within the County are not allowed to deteriorate due to deficient maintenance. In addition, the Affordable Developer shall keep the Affordable Development free from all graffiti, and any accumulation of shopping carts, debris or waste material. Normal wear and tear of the Development will be acceptable to the County assuming Borrower agrees to provide all necessary improvements to assure the Development is maintained in good condition. Borrower shall promptly make all repairs and replacements necessary to keep the Improvements in good condition and repair (and as to landscaping, in a healthy condition) consistent with quality affordable housing developments owned or operated by Related or Related Affiliates and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable materials.

(c) In the event that Borrower breaches any of the covenants contained in this section and such default continues for a period of seven (7) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter the Development and perform or cause to be performed all such acts and work necessary to cure the default, or if a period longer than seven (7) and thirty (30) days is reasonably necessary to correct the deficiency, respectively, then the Borrower shall

begin to correct the deficiency within seven (7) and thirty (30) days, respectively, and correct the deficiency as soon as reasonably possible. Pursuant to such right of entry, the County shall be permitted (but is not required) to enter the Development and perform all acts and work necessary to protect, maintain, and preserve the Improvements and landscaped areas on the Property, and to attach a lien on the 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, including a ten percent (10%) administrative charge, which amount shall be promptly paid by the Borrower to the County upon demand.

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

5.8 Safety Conditions.

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

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

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

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

5.9 Crime Prevention Program. During the Term of this Agreement Borrower agrees that Borrower shall cause the Management Agent to participate in the San Bernardino County Sheriff's Department's Crime Free Multi-Housing program or similar program administered by the County (the "Crime Prevention Program"). Information on the County's Crime Prevention Program is currently available at <http://wp.sbcounty.gov/sheriff/divisions/public-affairs/crime-free-multi-housing/>. Completion of the Department's four (4) training phases and a Final Certification (Phase V) shall be achieved and maintained by the Management Agent at all times. The County's periodic review of the management of the Development pursuant to Section 5.3 will include confirmation of the Management Agent's participation in the Crime Prevention Program. No default under this Section 5.9 shall be declared if the Management Agent or any replacement Management Agent is pursuing completion of the Crime Prevention Program requirements or if the Crime Prevention Program training phases are not available to the Management Agent.

5.10 Insurance. The Developers shall maintain the insurance coverage required under Section 8.11 of the Loan Agreement throughout the Term.

ARTICLE 6 MISCELLANEOUS

6.1 Term. The provisions of this Agreement apply to the Development for the entire Term even if the Loan is paid in full prior to the end of the Term. This Agreement binds any successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by County. County is making the Loan on the condition, and in consideration of, this provision, and would not do so otherwise. For the purposes of the HOME Regulations, the Development shall only be considered a HOME assisted project for the duration of the HOME Term, and nothing in this Agreement may be read to imply otherwise.

6.2 Lease Provisions.

(a) In leasing the HOME-Assisted Units within the Development, Borrower shall use a form of written lease approved by the County. The form of lease must comply with all requirements of this Agreement, and the other Loan Documents and must, among other matters:

(1) Provide for termination of the lease for failure to: (1) provide any information required under this Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this Agreement; or (2) qualify as an Extremely Low Income Household or a 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 Borrower, and provide for no increase in Rent during such year. Borrower will provide each Tenant with at least sixty (60) days written notice of any increase in Rent applicable to such Tenant, and with such further notice as may be required by Section 2.3 above. After the initial year of tenancy, the lease may shift to 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(a) above.

(3) Include a provision which requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.4 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) The lease must not contain any provision which is prohibited by 24 C.F.R. Section 92.253(b) and any amendments thereto.

6.3 Lease Termination. Any termination of a lease or refusal to renew a lease for a HOME-Assisted Unit within the Development must be preceded by prior written notice (specifying the grounds for the action) from the Borrower to the Tenant and such notice must be given in conformance with California Civil Code Section 1946.1(b) and 24 C.F.R. 92.253(c) during the HOME Term. Any termination of a lease for a default of the Tenant shall be in accordance with all applicable laws.

6.4 Nondiscrimination. 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 pursuant to this Agreement. There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, age, or military and veteran status, 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. Borrower shall, to the extent applicable, comply with Executive Orders 11246, 11375, 11625, 12138, 12431, 12250, 13672, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

6.5 Notice of Expiration of Term.

(a) At least six (6) months prior to the expiration of the Term, Borrower will provide by first-class mail, postage prepaid, a notice to all Tenants containing: (1) the anticipated date of the expiration of the Term; (2) any anticipated increase in Rent upon the expiration of the Term; (3) a statement that a copy of such notice will be sent to the County; and (4) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Borrower shall also file a copy of the above-described notice with the County Chief Executive Officer, Community Development and Housing Agency (CHDA) Administrator, or the Community Development and Housing Director.

(b) In addition to the notice required above, Borrower shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11, as such may be amended from time to time. Such notice requirements may include: (1) a twelve (12) month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in California Government Code Section 65863.10(a)) prior to the expiration of the Term; (2) a six (6) month notice requirement to existing Tenants, prospective tenants and Affected Public Agencies prior to the expiration of the Term; (3) a notice of an offer to purchase the Development to "qualified entities" (as defined in California Government Code Section 65863.11(d)), if the Development is to be sold within five (5) years of the end of the Term; and

(4) a notice of right of first refusal within the one hundred eighty (180) day period that qualified entities may purchase the Development.

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

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

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

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

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

(d) Cure by Investor Limited Partner. County hereby agrees to accept a cure of any default made or tendered hereunder by Investor Limited Partner on the same terms and conditions as if such cure was made or tendered by Borrower.

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

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

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

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

6.12 Amendments. This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title that is duly recorded in the official records of the County of San Bernardino, California.

6.13 Notices.

(a) Formal notices, demands, and communications between the Parties delivered under this Agreement shall be in writing and be deemed received on the delivery or refusal date shown on the delivery receipt, if: (i) personally delivered by a commercial service which furnishes signed receipts of delivery; or (ii) mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

County:

Department of Community Development and Housing
County of San Bernardino
385 North Arrowhead Ave Third Floor
San Bernardino, CA 92415-0043
Attn: Community Development and Housing Director

with a copy to:

Goldfarb & Lipman, LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Rafael Yaquian

Borrower:

Bloomington III Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Attn: Frank Cardone

With a copy to:

LBI Valley Bloomington, LLC
c/o LaBarge Industries, Inc.
3105 E Guasti Rd, Suite 100
Attn: Joshua LaBarge

With a copy to:

HPI Bloomington III, LLC
c/o Housing Partners I, Inc.
715 E. Brier Drive
San Bernardino, CA 92408
Attn: Community Development and Housing Director

with a copy to:

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

Investor Limited Partner:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
USB Project No: 26599
Attn.: Director of LIHTC Project Management
Attn: Director of LIHTC Asset Management

or such other address provided by the Investor Limited Partner.

With a copy to:

Dentons US LLP
233 South Wacker Drive, Suite 5900
Chicago, IL 60606
Attn: Jana Cohen Barbe, Esq.

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

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

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

6.16 Hold Harmless. Borrower will indemnify and hold harmless (without limit as to amount) the County and its elected officials, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss, all risk of loss and all damage (including expense) sustained or incurred because of or by reason of any and all claims, demands, suits, actions, judgments and executions for damages of any and every kind and by whomever and whenever made or obtained, allegedly caused by, arising out of or relating in any manner to the Development, or the Borrower's performance or non-performance under this Agreement, and shall protect and defend Indemnitees, and any of them with respect thereto, except to the extent caused by the gross negligence or willful misconduct of the County or any Indemnitees. The provisions of this Section shall survive expiration or other termination of this Agreement or any release of part or all of the Development from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

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

6.18 Tax Credit Program. Notwithstanding anything contained herein to the contrary, for as long as the Property is subject to the requirements of the California and/or Federal Low-Income Housing Tax Credit Program under the provisions of Section 42 of the Code and Section 23610.5 of the California Revenue and Taxation Code, as applicable (collectively, the "Tax Credit Program") and there is a conflict between the requirements of the Tax Credit Program and the affordability provisions set forth in 2.3 above, inclusive, then the provisions of the Tax Credit Program shall prevail. That notwithstanding, the fact that this Agreement and the Tax Credit Program provide for greater, lesser or different obligations or requirements shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

6.19 Subordination. This Agreement may only be subordinated in accordance with the terms set forth in Section 2.5 of the Loan Agreement.

6.20 Assignment by the County. The County may assign its rights and obligations under the Loan Documents to any other public entity without the consent of the Borrower.

6.21 No Claims. Nothing contained in this Agreement shall create or justify any claim against the County by any person that the Borrower may have employed or with whom the Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Property or the construction or operation of the Improvements.

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

6.23 No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

6.24 Entire Agreement. This Agreement constitutes the entire Agreement between the parties and no modification hereof shall be binding unless reduced to writing and signed by the parties hereto.

[Remainder of Page Left Intentionally Blank]

WHEREAS, this Agreement has been entered into by the undersigned as of the Effective Date.

BORROWER:

Bloomington III Housing Partners, L.P., a California limited partnership

By: Related/Bloomington III Development Co., LLC, a California limited liability company, its managing general partner

By: _____
Frank Cardone, President

By: LBI Valley Bloomington, LLC, a California limited liability company, its general partner,

By: LaBarge Industries, LLC, a Delaware limited liability company, its sole member

By: _____
Josh LaBarge, Manager

By: HPI Bloomington III LLC, a California limited liability company, its co-general partner

By: Housing Partners I, Incorporated, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Maria Razo, Secretary and Treasurer

[Signature Page Continues]

COUNTY:

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

By: _____
Gary McBride, Chief Executive Officer
County of San Bernardino

Date: _____

APPROVED AS TO LEGAL FORM:

MICHELLE D. BLAKEMORE
County Counsel

By: _____
Suzanne Bryant, Deputy County Counsel

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: _____
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: _____
Name: Notary Public

EXHIBIT A

LEGAL DESCRIPTION

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

Metes and Bounds Description of the proposed Affordable Development Air Right Parcel:

ALL THAT PORTION OF THE LAND LOCATED IN NORTH 1/2 OF LOT 86, MARYGOLD ACRES TRACT, AS PER PALT RECORDED IN BOOK 19 OF MAPS, PAGE 15, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF MARYGOLD AVENUE AND GRACE STREET;
THENCE ALONG THE CENTERLINE OF MARYGOLD AVENUE SOUTH 89°28'50" WEST, 495.12 FEET;
THENCE SOUTH 00°26'44" EAST, 600.29 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 89°32'42" EAST, 88.32 FEET;
THENCE SOUTH 00°26'44" EAST, 13.30 FEET;
THENCE NORTH 89°33'16" EAST, 112.60 FEET;
THENCE SOUTH 00°26'44" EAST, 2.97 FEET;
THENCE NORTH 89°33'16" EAST, 26.42 FEET;
THENCE SOUTH 00°26'44" EAST, 4.05 FEET;
THENCE NORTH 89°33'16" EAST, 5.80 FEET;
THENCE NORTH 00°26'44" WEST, 1.02 FEET;
THENCE NORTH 89°33'16" EAST, 14.16 FEET;
THENCE NORTH 00°26'44" WEST, 19.32 FEET;
THENCE NORTH 89°32'07" EAST, 82.76 FEET;

THENCE SOUTH 00°26'44" EAST, 655.73 FEET TO A POINT OF THE NORTHERLY RIGHT OF WAY LINE OF VALLEY BOULEVARD;
THENCE ALONG SAID RIGHT OF WAY SOUTH 89°28'25" WEST, 330.06 FEET;
THENCE NORTH 00°26'44" WEST, 656.13 FEET TO THE POINT OF BEGINNING;

CONTAINING 214,175 SF OR 4.91 ACRES MORE OR LESS.

APN: _____

[Note- Please note that this exhibit may be substituted by Title company to reflect recording of Parcel Map 20012.]

EXHIBIT B

HOME PROGRAM RENTS

The attached HOME Rents reflect the current HOME rents as of the date of the Agreement. The initial Rents and subsequent Rents for all Units must be provided to the Borrower by the County prior to occupancy and are subject to the HOME Regulations. The County will provide Borrower with a schedule of maximum permissible Rents for the Units annually.

[Insert current HOME Rents]

EXHIBIT C

**INITIAL/ANNUAL CERTIFICATE OF
PROGRAM COMPLIANCE**

EXHIBIT D

FORM OF CERTIFICATION OF TENANT ELIGIBILITY

Rental Unit _____
Street Address _____
Unit No. _____
City _____
Zip Code _____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the Unit in the above Development for which application is made, all of whom are listed below:

1.	2.	3.	4.	5.
Name of Members in the Household	Relationship to Head of Household	Age	Ethnicity	Place of Employment

- Ethnicity: White Black or African American Asian Asian & White
American Indian or Alaska Native
Native Hawaiian or Other Pacific Islander American Indian or Alaska Native & White
Black or African American & White
American Indian or Alaska Native & Black or African American
Other Multi Race Hispanic

Date of Occupancy of Rental Unit by Tenant: _____
Date of Lease Signed for Rental Unit by Tenant: _____
Amount of Rent Paid Per Month: _____
Certification Date (Earlier of Date of Occupancy or Date Lease signed): _____

6. Anticipated Annual Income. The anticipated total annual income from all sources of each person listed in Section 1 for the twelve (12) month period beginning on the Certification Date listed above, including income described in (a) below, but excluding all income described in (b) below, is \$ _____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below): all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets as set forth in item 7(b) below); full amount of periodic payments received from Social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above: casual, sporadic or irregular gifts; amounts that are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payment (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to student or educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; hazardous duty pay to a member of the household in the armed forces who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; income from employment of children (including foster children) under the age of eighteen (18) years; foster child care payments; the value of coupon allotments under the Food Stamp Act of 1977; payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act; income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes; payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; and payments received from the Workforce Innovation and Opportunity Act.

7. Net Family Assets. If any of the persons described in item 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

(a) the total value of all such assets owned by all such persons: \$ _____, and

(b) the amount of income expected to be derived from such assets in the twelve (12) month period commencing this date: \$ _____.

8. Students

(a) Will any of the persons listed in item 1 above be or have they been full-time students during five (5) calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return, a veteran of the U.S. military?

Yes _____ No _____

The above information is full, true, and complete to the best of my knowledge. I have no objections to inquiries being made for the purpose of verifying the statements made herein.

Signature: _____ Date _____

(Signature Must be Notarized)

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

STATE OF CALIFORNIA)

)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____

Name: Notary Public

FOR COMPLETION BY DEVELOPMENT OWNER ONLY:

A. Calculation of eligible income:

- (1) Enter amount entered for entire household in 6 above: \$ _____
- (2) If the amount entered in 7(a) above is greater than \$5,000, enter \$ _____
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ _____
- (ii) the amount entered in 7(b) above: \$ _____
- (iii) enter the greater of line (i) or line (ii): \$ _____
- (3) TOTAL ELIGIBLE INCOME (Line A(1) plus line A(2)(iii)): \$ _____

B. Enter number of family members listed in item 1 above: _____

C. The amount entered in A(3) (Total Eligible Income) is: \$ _____

_____ Less than \$ _____ of Median Income for the area in which the Development is located, which is the maximum income at which a household may be determined to be a qualifying tenant as that term is defined in the Agreement.

_____ More than the above-mentioned amount.

D. Number of Units assigned: _____

E. Monthly rent: \$ _____

F. This Unit (was/was not) last occupied for a period of thirty-one (31) consecutive days by a person or persons whose Adjusted Annual Income, as certified in the above manner, was equal to or less than the amount at which a person would have qualified as a qualifying tenant under the terms of the Agreement.

G. Applicant:

_____ **Qualifies as a qualifying tenant.**

_____ **Does not qualify as a qualifying tenant.**

EXHIBIT E

UNIFORM PHYSICAL CONDITION STANDARDS
INSPECTION REPORT