

EXHIBIT F

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**
(Arrowhead Grove Phase II)

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This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated as of August __, 2019, and is between the County of San Bernardino, a political subdivision of the State of California (the "County"), and Waterman Gardens Partners 2, L.P., a California limited partnership ("Borrower").

RECITALS

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

B. Borrower holds a leasehold interest in the real property located west of Crestview Avenue between Baseline Road and Olive Street, in the City of San Bernardino, named in Revised Tentative Tract Map 18829 as Parcels C & D, and said to be located within current APN's 0147-211-24 & 0147-211-25, County of San Bernardino, State of California, as more particularly described in Exhibit A (the "Property").

C. The Property is part of the larger phased redevelopment of public housing units under the Rental Assistance Demonstration ("RAD") Program under which the Authority obtained specified rights to develop, construct and maintain up to four hundred eleven (411) residential units, with not less than two hundred fifty-two (252) replacement RAD Units. To date, Borrower has developed Phase 1a consisting of seventy-six (76) units offsite with seventy-five (75) units being replacement public housing units, and Phase 1b consisting of sixty-two (62) units with sixty-one (61) being replacement public housing units.

D. As part of the second phase of the redevelopment project, the Borrower intends to construct approximately one hundred forty-seven (147) multi-family affordable rental units (the "Improvements"). The Improvements and the Property are referred to as the "Development." The second phase of the redevelopment project also includes thirty-five (35) market rate units and two (2) manager's units which will not be assisted with the HOME funds and will not be subject to any regulatory restrictions.

E. Pursuant to a HOME Investment Partnerships Act Loan Agreement by and between the County and Borrower, dated as of August __, 2019, as such may be amended from time to time (the "Loan Agreement"), the County has made a loan of up to Two Million Nine Hundred Thousand Dollars (\$2,900,000) of HOME Investment Partnerships Act funds ("HOME Funds") to fund costs associated with the predevelopment, site work, and construction of the Improvements (the "Loan"). The County has the authority to loan the HOME Funds pursuant to 24 C.F.R. 92.205. Approximately One Million Four Hundred Eighty-Seven Thousand Four Hundred Fifty Dollars (\$1,487,450) of the HOME Loan consists of HOME CHDO Funds some of which were used to finance predevelopment activities for the Development.

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F. The County has agreed to make the HOME Loan on the condition that fourteen (14) units in the Development (the "HOME-Assisted Units) 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 HOME Loan.

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

The parties therefore agree as follows.

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) "CHDO" means an entity that is designated as a Community Housing Development Organization in compliance with the HOME Regulations.

(e) "City" means the City of San Bernardino, a municipal corporation.

(f) "Completion Date" means the date that all of the following have occurred: (1) a final certificate of occupancy, or equivalent document is issued by the City to certify completion of the construction of the Development; (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).

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

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(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, First American Title Insurance Company, as trustee, and the County, as beneficiary, that will encumber the Property to secure repayment of the HOME Loan and Borrower's performance of the covenants set forth in the documents evidencing the HOME Loan.

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

(j) "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).

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

(l) "HOME-Assisted Units" means the fourteen (14) Units within the Development designated as assisted by the County pursuant to this Agreement, which Units are "fixed" Units as defined in 24 C.F.R. 92.252(j).

(m) "HOME Funds" has the meaning set forth in Paragraph C of the Recitals.

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

(o) "HOME Term" means the period beginning on the date of this Agreement and ending on the twentieth (20th) anniversary of the date of this Agreement. 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.

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

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

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

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

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

(u) "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).

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(v) "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.

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

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

(y) "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.

(z) "Note" means that certain Promissory Note, dated as of August __, 2019, that evidences Borrower's obligation to repay the HOME Loan, as such may be amended from time to time.

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

(bb) "Rent" means the total monthly payments by the Tenant of a 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 approved by the County pursuant to Section 2.2 hereof.

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

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

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

(ff) "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.

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

(hh) "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.

(ii) "Very Low Income Units" means the HOME-Assisted Units which, pursuant to Section 2.1(a) 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) Very Low Income Units. During the Term, Borrower shall rent one (1) of the one-bedroom Units, one (1) 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 Very Low Income Households, these Units shall be considered HOME-Assisted Units.

(b) Low Income Units. During the Term, Borrower shall rent one (1) of the one-bedroom Units, eight (8) of the two-bedroom Units, and two (2) of the three-bedroom Units, and ensure that these Units are occupied or, if vacant, available for occupancy, by Low Income Households, these Units shall be considered HOME-Assisted Units.

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(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) Disabled Persons Occupancy. Borrower shall cause the Development to be operated at all times in compliance with the provisions of: (1) the Unruh Act; (2) the California Fair Employment and Housing Act; (3) Section 504 of the Rehabilitation Act of 1973; (4) the United States Fair Housing Act, as amended; 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.

(e) Manager's Unit. Two (2) three-bedroom Units shall be available for designation as the management staff units.

2.2 Allowable Rent.

(a) 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.

(b) 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.

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

(d) Initial and Subsequent 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 November 1 of each calendar year, the County shall provide the Borrower with a schedule of permissible maximum Very Low Income Rents and Lower Income Rents for the succeeding 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.

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(e) Assumed Household Size. In calculating the allowable Rent for the Units, the "Assumed Household Sizes" shall be determined pursuant to the terms of Health and Safety Code Section 50052.5(h) (as shown in the second column), unless the Development receives an allocation of Low Income Housing Tax Credits, in which instance the imputed household size would be as listed in the third column below:

Number of Bedrooms	Assumed Household Size	Tax Credit Household Size
One	2	1.5
Two	3	3
Three	4	4.5

(f) Approved Rents. Subject to Sections 2.2(a) and 2.2(b) above, the County may not unreasonably disapprove Initial Rents and Rents in subsequent years that are less than or equal to the maximum rent for the applicable year established by TCAC for tenants in an income tier under 30%, 50% or 60% of AMI ("Tax Credit 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. 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 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 above Very Low but below Low Income Limit. Subject to Subsection (a) above, if, upon the annual certification of the income of a Tenant of a HOME-Assisted Unit, Borrower determines that the income of a Very Low Income Household that occupies a Very Low Income Unit 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 HOME-Assisted Unit and the Tenant's Rent shall not exceed the High HOME Rent. Borrower shall then rent the next available Unit to a Very 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, 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 HOME-Assisted Unit in the Development as a HOME-Assisted Unit, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(c) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a HOME-Assisted Unit, Borrower determines that the income of a Very Low

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Income Household or 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 a Very Low Income Household or 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, the Unit with the over-income Tenant will no longer be considered a HOME-Assisted Unit.

(d) Termination of Occupancy. Upon termination of occupancy of a 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 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.

(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.

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 a Very Low Income Household or Lower 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 a Very Low Income Household or Lower Income Household, as applicable, such household's Rent may be subject to increase.

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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.

2.7 Units Available to the Disabled. Borrower shall rehabilitate the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations. In compliance with Section 504 of the Rehabilitation Act, a minimum of eight (8) Units in the Development shall be constructed to be readily accessible and usable by households with a mobility impaired member and a minimum of three (3) units shall be constructed and to be readily accessible and usable by households with a hearing 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 3.8(g) of the HOME Loan Agreement.

2.8 Loss of Subsidy.

(a) One (1) or more of the HOME-Assisted Units in the Development (the "Subsidy Unit") may receive Project-Based Section 8 rental subsidies either through the HAP Contract or otherwise (the "Rental Subsidy") throughout the Term, as reflected in the Approved Development Budget. If any change in federal law occurs, or any action (or inaction) by Congress or any federal or state agency occurs, which results in a material reduction or change in the calculation, termination or nonrenewal of the Rental Subsidy through no fault of the Borrower, such that the Rental Subsidy shown on the Approved Development Budget is no longer available, Borrower shall, in anticipation of such loss in Rental Subsidy, use good faith efforts for a period of sixty (60) days, to obtain alternative sources of rental subsidies and shall provide the County weekly progress reports on Borrower's efforts to obtain alternative sources of rental subsidies. If at the end of such sixty (60) day period Borrower is unable to secure an alternate source of rental subsidy, notwithstanding Section 2.3(b), Borrower may increase the Rent on any HOME-Assisted Unit that overlaps with a Subsidy Unit, to the High HOME Rent, subject to the following requirements

(1) At the time Borrower requests an increase in the Rent, Borrower shall provide the County with a copy of the proposed Annual Operating Budget showing the impact of the loss or reduction of the Rental Subsidy;

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

(3) The Rent of at least three (3) of the HOME-Assisted Units may not exceed the Low HOME Rent.

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

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

(b) Borrower shall continue to use good faith efforts to obtain alternative sources of rental subsidies and shall provide the County with annual progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents on the HOME-Assisted Units to be reduced back to the applicable Rents set forth in Section 2.2. Upon receipt of any alternative rental subsidies, Borrower shall reduce the rents on the HOME-Assisted Units back to the applicable Rents set forth in Section 2.2, to the extent that the alternative rental subsidies provide sufficient income to cover the operating costs and debt service of the Development as shown on the Annual Operating Budget, and in all events the financial stability of the Development is maintained.

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. 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 two or more of the following steps: (1) obtain pay stubs for the most recent two months; (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 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 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 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.

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3.2 Reporting Requirements. Borrower shall submit to the County: (a) not later than the forty-fifth (45th) day after the close of each calendar year, or such other 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.

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

3.4 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. Upon forty-eight hours prior written notice, the County may audit, examine and make copies of all books, records or other documents of Borrower that pertain to the Development at the Development or Borrower's corporate offices.

3.5 HOME Record Requirements. All records maintained by Borrower pursuant to Sections 3.2 and 3.4 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 92.505 during the HOME Term.

3.6 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 twenty-four (24) hours' written notice to Borrower during normal business hours to monitor compliance with this Agreement. Borrower shall cooperate in making the Property 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 Development or as otherwise required under 24 CFR 200.285.

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(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 as deemed reasonably necessary by the County, subject to same notice requirements specified above.

3.7 Annual Operating Budget. The Borrower, at least sixty (60) days prior to the end of each of the Borrower's fiscal year, shall furnish the County an Annual Operating Budget. Upon receipt by the County of the proposed Annual Operating Budget, the County shall promptly review the same and approve or disapprove it within ten (10) working days. If the Annual Operating Budget is not approved by the County, the County shall set forth in writing and notify the Borrower of the County's' reasons for withholding such approval. The Borrower shall thereafter submit a revised Annual Operating Budget for County approval, which approval shall be granted or denied within ten (10) working days in accordance with the procedures set forth above. If rejected within such time period, the previously approved Annual Operating Budget shall continue to remain in full force and effect.

3.8 Approval of 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 Development Budget submitted by the Borrower pursuant to the terms of the Loan Agreement. Prior to the use of funds from the reserves, the Borrower must submit a written request to withdraw funds from the reserve account. The written request shall specify the amount requested and state how the funds will be used. The County shall approve such request within twenty (20) days of receipt of the written request for use of reserves; such request shall not be unreasonably withheld, conditioned or delayed. If the County fails to approve a request within the twenty (20) days, such request shall be deemed approved.

3.9 Tenant Services Plan. For the entire Term of this Agreement, the Borrower shall provide social services programs in accordance with the Tenant Services Plan and Services Budget reasonably approved by the County pursuant to Section 3.18 of the Loan Agreement. The Annual Budget shall show required expenditures of Annual Operating Expenses to fund Tenant Services required under the Tenant Services Plan.

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ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development for residential use only and such ancillary uses permitted at the Development as approved by the County. 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 Property 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, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Borrower may apply for a property tax exemption for the Property under any provision of law or 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 may apply for a property tax exemption for the Property under any provision of law, including California Revenue and Taxation Section 214(g).

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. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability

EXHIBIT F

to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). Borrower must submit for the County's approval the identity of the Management Agent and any proposed subsequent Management Agent. Borrower must also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the County to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the County shall approve the proposed Management Agent by notifying Borrower in writing. Unless the proposed Management Agent is disapproved by the County within thirty (30) days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved. The County hereby approves National Community Renaissance of California as the initial Management Agent.

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

5.4 Replacement of Management Agent.

(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 one of the material requirements and standards of this Agreement, the County shall first deliver the results of such review to the Borrower and Management Agent, who shall have thirty (30) days to respond or to adopt such rules and implement such practices as are reasonably like to cure the performance defaults alleged by the County. If the County remains dissatisfied with the response or proffered cure, it may at any time after the initial notice, deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

(b) If, after such meeting, County staff recommends in writing the replacement of the Management Agent, 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.

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

5.6 Tenant Services 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 services provider (the "Services Provider"). The County hereby approves Hope Through Housing Foundation as the initial Services Provider for the Development.

(b) The Services 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 Services Provider as is reasonably necessary for the County to determine whether the proposed Services Provider meets the standards for a qualified Services Provider of developments of this type.

(c) If the proposed Services Provider meets the standard for a qualified Services Provider set forth above, the County shall approve the proposed Services Provider by notifying Borrower in writing. Unless the proposed Services 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) 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 below-average maintenance. 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 make all repairs and replacements necessary to keep the improvements in good condition and repair.

(c) In the event that Borrower breaches any of the covenants contained in this section and such default continues for a period of five (5) days after written notice from

EXHIBIT F

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 or such longer time as may reasonably be required if Borrower has promptly commenced and is diligently pursuing a cure; 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 default. 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 shall be promptly paid by Borrower to the County upon demand.

5.8 Safety Conditions.

(a) The parties mutually acknowledge that each places a prime importance on the security of 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 on 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 the Borrower or the Management Agency shall participate in the San Bernardino County Sheriff's Department's Crime Free Multi-Housing program or similar program administered by the City (the "Crime Prevention Program"). Information on the County's Crime Prevention Program is currently available at http://www.sbcounty.gov/sheriff/publicaffairs/crime_free.asp. 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 an evaluation of Borrower'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.

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ARTICLE 6 MISCELLANEOUS

6.1 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 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.

6.2 Lease Termination. Any termination of a lease or refusal to renew a lease for a HOME-Assisted Unit within the Development must be in conformance with 24 C.F.R. 92.253(c), and must be preceded by not less than sixty (60) days written notice to the Tenant by Borrower specifying the grounds for the action. Any termination of a lease for a default of the Tenant shall be in accordance with all applicable laws.

6.3 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. Except as provided in subsection (b) below or in the approved management plan, 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. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower,

EXHIBIT F

that there exist 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 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.

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

6.4 Term. The provisions of this Agreement apply to the Property for the entire Term even if the HOME 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 HOME 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.

6.5 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, Economic Development Agency (EDA) 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. Such notice requirements include: (1) a twelve (12) month notice to existing tenants, prospective

EXHIBIT F

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 within ninety (90) days, the County may enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

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

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

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

6.8 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.

EXHIBIT F

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.

6.13 Notices.

(a) Formal notices, demands, and communications between the Parties will be sufficiently given if, and will not be deemed given unless, dispatched by certified mail, return receipt requested, or delivered by a reputable private delivery service with a receipt showing date of delivery, or hand delivered with a receipt showing date of delivery, to the principal offices of the Parties as follows:

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

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

Borrower: Waterman Gardens Partners 2, L.P.
c/o National Community Renaissance of California
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: Steve PonTell, President/CEO

With a copy to: National Community Renaissance of California
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: Robert Diaz, General Counsel

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

(b) Any notice, demand or communication will be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written

EXHIBIT F

notice of such change to County or Borrower as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

(c) Copies of notices to Borrower from the County shall also be provided by the County to any limited partner of Borrower who requests such notice in writing and provides the County with written notice of its address in accordance with this Section

6.14 Intentionally Omitted.

6.15 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.

6.16 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.

6.17 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, obtains an ownership interest in the Development or Property.

6.18 Subordination. This Agreement may only be subordinated to the liens approved in writing by the County and subject to the conditions set forth in Section 2.5 of the Loan Agreement.

6.19 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.

6.20 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 Affordable Development.

6.21 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.

6.22 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.

6.23 Hold Harmless. Borrower will indemnify and hold harmless (without limit as to amount) the County, its board members, officers, employees and agents in their official capacity (hereinafter collectively referred to as "Indemnitees"), and any of them, from and against all loss,

EXHIBIT F

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 Affordable Development, the Units, 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. The provisions of this Section shall survive expiration or other termination of this Agreement or any release of part or all of the Property from the burdens of this Agreement, and the provisions of this section shall remain in full force and effect.

[Remainder of Page Left Intentionally Blank]

EXHIBIT F

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

BORROWER:

WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership

By: WG Partners 2 MGP, LLC, a California limited liability company
its General Partner

By: National Community Renaissance of California, a
California nonprofit public benefit corporation, its sole member and
manager

By: _____
Michael Finn, Chief Financial Officer

Date: _____

EXHIBIT F

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: _____
Robert F. Messinger,
Principal Assistant County Counsel

EXHIBIT F

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 F

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 F

EXHIBIT A

LEGAL DESCRIPTION

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

APN:

EXHIBIT F

EXHIBIT B

HOME PROGRAM RENTS

The attached HOME Rents reflect the current HOME rents as of the Effective Date. 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 F

EXHIBIT C

**INITIAL CERTIFICATE OF
PROGRAM COMPLIANCE**

Waterman Gardens 2, L.P., a California limited partnership ("Borrower"), hereby certifies that it will comply with all applicable, ongoing HOME Program requirements for the entire 20-year HOME Term under HUD HOME Regulations, and an additional County imposed Affordability Period of thirty-five (35) years, for a total affordability term of fifty-five (55) years from the date of recordation of the Notice of Completion for the above-described Project. Affordability shall be maintained as follows:

The Borrower is operating a one hundred forty-seven (147) unit affordable housing development. During the Term the Borrower will rent fourteen (14) HOME-Assisted Units, and ensure that these units are occupied or, if vacant, available for occupancy, by Very Low Income Households and Low Income Households in conformance with the HOME Regulations, as follows: (a) one (1) of the one-bedroom Units, one (1) of the two-bedroom Units, and one (1) of the three-bedroom Units shall be Very Low Income Units; and (b) one (1) of the one-bedroom Units, eight (8) of the two-bedroom Units, two (2) of the three-bedroom Units shall be Low Income Units.

The Borrower and managers have participated in the San Bernardino County Sheriff-Coroner Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's four (4) training phases, a Final Certification (Phase V) has been achieved and will be maintained by the Borrower/representative and/or regional/-onsite property manager.

Borrower is maintaining and attaching the following records and reports in order to assist the County in meeting its record keeping and reporting requirements:

1. Files on the annual review and certification of tenant income;
2. All information on the qualification of affordable rents;
3. Terms and conditions of all signed leases between Tenants and Borrower;
4. All other reports and records requested by County pursuant to the Loan Documents.

[Signature Page Follows]

EXHIBIT F

BORROWER:

WATERMAN GARDENS 2, L.P., a California limited partnership

By: WG Partners 2 MGP, LLC, a California limited liability company,
its sole and managing General Partner

By: National Community Renaissance of California, a
California nonprofit public benefit corporation, its sole member and
manager

By: _____
Michael Ruane, Executive Vice President

Date: _____

EXHIBIT F

ANNUAL CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

Waterman Gardens 2, L.P., a California limited partnership ("Borrower"), hereby certifies that it will comply with all applicable, ongoing HOME Program requirements for the entire 20-year HOME Term under HUD HOME Regulations, and an additional County imposed Affordability Period of thirty-five (35) years, for a total affordability term of fifty-five (55) years from the date of recordation of the Notice of Completion for the above-described Project. Affordability shall be maintained as follows:

The Borrower is operating a one hundred forty-seven (147) unit affordable housing development. During the Term the Borrower will rent fourteen (14) HOME-Assisted Units, and ensure that these units are occupied or, if vacant, available for occupancy, by Very Low Income Households and Low Income Households in conformance with the HOME Regulations, as follows: a) one (1) of the one-bedroom Units, one (1) of the two-bedroom Units, and one (1) of the three-bedroom Units shall be Very Low Income Units; and (b) one (1) of the one-bedroom Units, eight (8) of the two-bedroom Units, two (2) of the three-bedroom Units shall be Low Income Units.

The Borrower and managers have participated in the San Bernardino County Sheriff-Coroner Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's four (4) training phases, a Final Certification (Phase V) has been achieved and will be maintained by the Borrower/representative and/or regional/-onsite property manager.

Borrower is maintaining and attaching the following records and reports in order to assist the County in meeting its record keeping and reporting requirements:

1. Files on the annual review and certification of tenant income;
2. All information on the qualification of affordable rents;
3. Terms and conditions of all signed leases between Tenants and Borrower;
4. All other reports and records requested by County pursuant to the Loan Documents.

[Signature Page Follows]

EXHIBIT F

BORROWER:

WATERMAN GARDENS 2, L.P., a California limited partnership

By: WG Partners 2 MGP, LLC, a California limited liability company,
its sole and managing General Partner

By: National Community Renaissance of California, a
California nonprofit public benefit corporation, its sole member and
manager

By: _____
Michael Ruane, Executive Vice President

Date: _____

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

EXHIBIT F

If a fixed unit was substituted, please attach any information on unit substitutions and filling of vacancies to evidence maintenance of required unit mix and income targeting.)

(D) The following residential units are considered to be occupied by Very Low Income Households and Low Income Households based on the information set forth below:

Number of Unit	Date of Unit No.	Name of Tenant	Persons Residing in Unit	Total Adjusted Gross Income	Initial Occupancy	Monthly Rental Amount

Attach a Separate Sheet if Necessary

(E) In renting the residential units in the Development, Borrower has not given preference to any particular group or class of persons not allowed under the Regulatory Agreement (except for persons who qualify as qualified Very Low Income Households or Low Income Households). All of the residential units in the Development have been rented pursuant to a written lease, and the term of each lease is at least 12 months. A copy of the form lease is attached.

(F) Property owners and managers have participated in the San Bernardino County Sheriff-Coroner Department's Crime Free Multi-Housing Unit Program, wherein specialized training and other resources are provided to multi-family property owners and managers to reduce the potential for onsite criminal activity. Completion of the Department's four (4) training phases, a Final Certification (Phase V) has been achieved and is being maintained by the Borrower/representative and/or regional/-onsite property manager.

EXHIBIT F

(G) Each building in the Development and all Units in the Development are suitable for occupancy and comply with all applicable State and local health, safety and other applicable codes, ordinances, and requirements and the ongoing property standards, as specified in Section 5.7 of the Regulatory Agreement.

(H) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of Borrower which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the tenants named herein, is inaccurate or incomplete in any respect.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of Borrower, on this _____ day of _____, 20____.

BORROWER:

WATERMAN GARDENS 2, L.P., a California limited partnership

By: WG Partners 2 MGP, LLC, a California limited liability company
its sole and managing General Partner

By: National Community Renaissance of California, a
California nonprofit public benefit corporation, its sole member and
manager

By: _____
Michael Ruane, Executive Vice President

Date: _____

EXHIBIT F

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 \$ _____.

EXHIBIT F

(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: \$_____.

EXHIBIT F

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)

EXHIBIT F

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 F

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 F

EXHIBIT E

UNIFORM PHYSICAL CONDITION STANDARDS
INSPECTION REPORT