



Contract Number

10-687 A-2

SAP Number

Community Development and Housing

Department Contract Representative
Telephone Number

Gary Hallen
909-387-4411

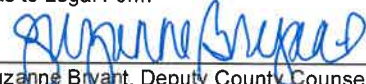
Contractor
Contractor Representative
Telephone Number
Contract Term
Original Contract Amount
Amendment Amount
Total Contract Amount
Cost Center

Housing Partners I, Inc.
Anthony Perez
(909) 332-6390
08/2040
\$666,449.54
\$1,738.34
\$668,187.88
6210002498

Briefly describe the general nature of the contract: This amendment of the contract allows CDH to restructure the existing Neighborhood Stabilization Program (NSP) loan on Garden Drive Apartments affordable housing development in order to ensure the long-term viability of the Project and retain the long-term affordability of the development.

FOR COUNTY USE ONLY

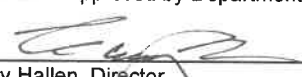
Approved as to Legal Form

► 
Suzanne Bryant, Deputy County Counsel
Date April 7, 2020

Reviewed for Contract Compliance

► _____
Date _____

Reviewed/Approved by Department

► 
Gary Hallen, Director
Date 4/2/2020

AMENDED AND RESTATED
NEIGHBORHOOD STABILIZATION PROGRAM AGREEMENT
FOR MULTI-FAMILY HOUSING

by and between

COUNTY OF SAN BERNARDINO

and

HOUSING PARTNERS I, INC.

for

Garden Drive Apartments
7207 Garden Drive, San Bernardino, CA

Originally Adopted:	July 27, 2010
First Amended:	April 10, 2010
Assignment and Assumption Agreement:	May 3, 2016
Amended and Restated:	April 7, 2020

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**AMENDED AND RESTATED
NEIGHBORHOOD STABILIZATION PROGRAM AGREEMENT
FOR MULTI-FAMILY HOUSING**

THIS AMENDED AND RESTATED NEIGHBORHOOD STABILIZATION PROGRAM AGREEMENT FOR MULTI-FAMILY HOUSING (hereafter referred to as “Agreement”) is entered into as of the 7th day of April, 2020, by and between the County of San Bernardino, a political subdivision of the State of California (“County”) and Housing Partners I, Inc. (“Borrower”). This Agreement shall serve to amend and restate the Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010, the first amendment thereto, and the Assignment and Assumption Agreement dated May 3, 2016.

RECITALS

- A. The County received funds from the United States Department of Housing and Urban Development (“HUD”) pursuant to the Housing and Economic Recovery Act (42 U.S.C. § 4501, *et seq.* and specifically, the program known as the Neighborhood Stabilization Program (“NSP”) 420.5.c. § 5301, *et seq.* to be used for the purposes of this Agreement in accordance with the NSP Laws and Regulations.
- B. County acts as the representative member of NSP for purposes of the NSP programs, assuming overall responsibility for ensuring that the NSP program is implemented in compliance with program regulations.
- C. Borrower provides multi-family housing units to the population of the County and acquired and rehabilitated a multi-family housing rental unit located in San Bernardino, California, which is a targeted area under NSP, pursuant to the Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010.
- D. Borrower has certified that the multi-family housing rental unit acquired and rehabilitated has been a foreclosed property as defined in the NSP regulations.
- E. Borrower certifies that the NSP funds, which are the subject of the Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010 and evidenced by the Promissory Note and secured by the Deed of Trust, were used for the acquisition and rehabilitation of five (5) one-bedroom, one (1) two-bedroom affordable rental housing units; and assures the long-term affordability of six (6) of the units to Low, and Moderate-, and Middle-Income households as described herein.
- F. Through the Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010 and the First Amendment, County has provided financial assistance to Borrower’s predecessor in interest, for rehabilitation costs in the form of a loan in the amount of six hundred sixty six thousand one hundred thirteen dollars and eleven cents (\$666,113.11) from NSP funds and in consideration the Borrower makes available and

rents 6 of the units to Low-, Moderate-, and Middle-Income Households at Affordable Rents (as those terms are defined herein) for a specified period of time.

- G. The entire County NSP Loan amount has been disbursed by County but Borrower requires additional assistance from the County to accomplish its activities.
- H. As of March 30, 2020, the outstanding balance of the County NSP Loan is six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88).
- I. County and Borrower desire to restate and amend the Neighborhood Stabilization Program Agreement for Multi-Family Housing to revise the repayment terms, to extend the Affordability Period (as defined herein), to consolidate the terms of the Neighborhood Stabilization Program Agreement for Multi-Family Housing, as amended and assigned, into one document, and to incorporate other terms necessary for the proper administration of the County NSP Loan as more specifically set forth below.
- J. For and in consideration of the mutual promises, covenants, and conditions hereinafter set forth, the County and the Borrower hereby do agree as follows:

100. INTRODUCTORY SECTIONS

101. Definitions.

The following terms shall have the following meanings in this Agreement:

- 1. "Affordable Housing Project" shall mean the multi-family rental complex to be created out of the acquisition and rehabilitation of the units described herein.
- 2. "Affordable Rent" shall mean the maximum rent allowed for the Affordable Units in accordance with 24 CFR Part 92, Section 252 of the HOME Regulations.
- 3. "Affordable Units" shall mean the units on the Property required to be leased at an Affordable Rent to qualified Low-, Moderate-, and Middle Income Households, as set forth in Section 402 hereof.
- 4. "Affordability Period" shall have the meaning set forth in the **Amended and Restated Affordability Covenant Agreement** (EXHIBIT J). A total of 6 NSP-assisted units shall remain affordable to Low-, Moderate-, and Middle Income households, for not less than twenty (20) years beginning on August 17, 2010. Immediately upon the expiration of this initial twenty year Affordability Period, an additional ten (10) year Affordability Period will commence so that the Property will be in an Affordability Period for a total of thirty years, which commenced on August 17, 2010.
- 5. "Agreement" shall mean this Amended and Restated NSP Agreement.
- 6. "Annual Financial Statement" shall mean the audited financial statements of Operating Expenses and Revenues, prepared at the Borrower's expense, by an

independent certified public accountant which shall form the basis for determining the Residual Receipts.

7. "Borrower" shall mean HOUSING PARTNERS I, INC., a California nonprofit public benefit corporation, successor in interest to Family Services Association Community Housing Development Organization, Inc.
8. [Reserved]
9. Community Housing Development Organization (CHDO) shall mean a private nonprofit organization certified in the County of San Bernardino pursuant to 24 CFR Part 92, Section 2 of the HOME Regulations.
10. "County" shall mean County of San Bernardino.
11. "County NSP Loan" shall mean the NSP loan in the amount of the outstanding balance of six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88) by the County to the Borrower as of March 30, 2020. This Loan is the subject of this Agreement.
12. "Current Market Appraised Value" shall mean the value of a home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act regulations (49 CFR 24.103) and completed within sixty (60) days prior to an offer made for the property by the Borrower.
13. "Debt Service" shall mean the scheduled principal and interest payments made on the Primary Loan(s).
14. "Deed of Trust" shall mean the Amended and Restated Deed of Trust in favor of the County to be recorded as a lien against the Property securing the Amended and Restated Promissory Note (Note).
15. "Designated Owner" shall mean HOUSING PARTNERS I, INC.
16. "Development Costs" shall mean all costs and expenses approved pursuant to this Agreement which are customarily incurred and shall have been actually incurred by the Borrower for the acquisition and rehabilitation of the Property and shall include without limitation the following: cost of acquiring the Property (so long as the Property is purchased at one percent (1%) or more below the Current Market Appraised Value); Construction costs in affiliation with the rehabilitation; architectural and engineering costs and fees (if any); financing fees, ("points"); building permits; title and title insurance; escrow fees and closing costs; appraisals; tests to determine the condition of the Property; and such other costs, fees and expenses, the evidence of which must be provided in writing by the County; provided, however, that payment to

parties related to or affiliated with the Borrower for Development Costs shall not exceed market rates.

17. "Escrow" shall mean the escrow which is established by the Borrower and identified in writing to the County Department of Community Development and Housing (CDH) with reference to the disbursement of the NSP Loan for the acquisition of the Property.
18. "Escrow Holder" shall mean the Escrow Administrator for the Escrow.
19. "Floating Units" shall mean units described in the Amended and Restated Affordability Covenant Agreement.
20. "Foreclosed Property" shall mean a property that "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. By way of example, HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.
21. "HOME Regulations" shall mean the implementing regulations of the HOME Program (Home Investment Partnership Act) set forth at 24 CFR 92 as they now exist and as may hereafter be amended.
22. "LMMH" shall mean the abbreviation for Low-, Moderate-, and Middle-Income Households. LMMH households shall be those households whose incomes do not exceed 120% of the AMI.
23. "Loan Documents" shall mean the following documents evidencing the County NSP Loan and required as consideration for County to make the County NSP Loan:
 - (a) the Note;
 - (b) the Deed of Trust;
 - (c) the Truth-in-Lending Statement;
 - (d) Request for Notice of Default; and
 - (e) this Agreement. Loan Documents shall be executed between the County, Borrower, and a necessary parties.
24. "Low-Income Households" shall mean those households whose gross annual incomes are less than fifty percent (50%) of AMI.

25. "Middle-Income Households" shall mean those households whose gross annual incomes exceed eighty percent (80%) of AMI, but do not exceed 120% of AMI.
26. "Moderate-Income Households" shall mean those households whose gross annual incomes are less than 120% of AMI.
27. "Note" shall mean the Amended and Restated Promissory Note in the principal amount of six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88) evidencing the restructured County NSP Loan. The Note shall be in the form of EXHIBIT D-1 attached hereto.
28. "NSP" shall mean the Neighborhood Stabilization Program (NSP) as described in Section 307 herein, and in 42 U.S.C. 5301 *et seq.* as it now exists and, as may hereafter be amended.
29. "NSP Regulations" shall mean the implementing regulations of the NSP Program as prescribed by HUD, as they now exist and as may hereafter be amended.
30. "Operating Expenses" shall include the following actual, reasonable, and customary costs, fees and expenses for similarly-restricted and financed multi-family projects directly incurred during the preceding calendar year in the operation of the Property.
- (a) the costs of utilities supplied to and used for the Property not paid by the tenants, including trash removal, electricity, water, sewer and gas;
 - (b) the cost of all insurance required for the Property to satisfy the requirement of any lender whose loan is secured by a deed of trust encumbering the Property or requirements imposed in any ancillary documents including, but not limited to, regulatory agreements and covenants, conditions and restrictions, concerning the operation of the Property and encumbering the interest of the Borrower therein;
 - (c) ad valorem tax and assessments payments;
 - (d) maintenance and repair expenses and services, including material and labor, including charges for public services such as sewer charges, license and permit fees, goods, commodities, materials and equipment, and including all contract repairs and services and maintenance and repair of furniture, furnishings and fixtures (to the extent that such repairs and/or maintenance expenses are paid out or reserves maintained by any lender on the Property, such expenses shall not be deemed "Operating Expenses"); painting; cleaning; pest control; gardening; rubbish removal; graffiti removal; advertising, marketing, and promotion; leasing commissions; accounting, audit and legal expense

attributable to the Property; office expenses incurred in operation of the Property; the allocable share of expenses of the Property for maintenance of roads and use of share facilities; and repair and maintenance of elevators and parking structures;

- (e) salaries, wages, rent payment or allocation, and other compensation due and payable to the employees or agents of the Borrower employed on-site in connection with the maintenance, administration or operation of the Property, along with all withholding taxes, insurance premiums, social security payments and other payroll taxes or payments required in connection with such employees;
- (f) regularly scheduled non-contingent payments of interest, principal, impounds, fees and charges, if any, required on the Primary Loan(s);
- (g) management fees, expenses and costs which shall initially be Five percent (5%) of collected rents per unit per month (the "Management Fee"), which Management Fee shall be adjusted annually by a percentage equal to the annual increase in the AMI for the area in which the Property is located in accordance with adjustment factors adopted by HUD;
- (h) deposits and payments into accounts maintained for operating reserves and/or replacement reserves required in satisfaction of the requirements therefore imposed by any senior lender;
- (i) costs of security services supplied to the Property, if any;
- (j) [Reserved]
- (k) Payments to parties related to or affiliated with the Borrower for Operating Expenses shall not exceed market rates for similarly restricted and financed multi-family projects. Operating Expenses shall not include (1) repairs or replacements paid out of insurance proceeds received by the Borrower, or (2) depreciation of buildings or other similar non-cash items of expense. Operating Expense shall be reported in the Annual Financial Statement. Operating Expenses shall be documents by audited financial statements as defined in "Annual Financial Statement."

31. "Parties" shall mean the County and the Borrower.

32. [Reserved]

33. "Primary Loan(s)" shall mean the mortgage loan or Loan obtained by the Borrower from a reputable financial institution, government financing entity,

or government entity for financing the acquisition and rehabilitation of the Property. Initially, "Primary Loan(s)" shall mean the County NSP Loan in the initial amount of \$652,000, which was increased to \$666,113.11 on April 10, 2012, and as of March 30, 2020, the outstanding balance is \$668,187.88.

- 34. "Project" shall mean the acquisition and rehabilitation of the Property in accordance with the provisions set forth in this Agreement.
- 35. "Property" shall mean the real property located at 7207 Garden Dr. in San Bernardino, as more particularly described and shown in the Legal Description attached hereto as Exhibit A and incorporated herein by this reference, together with the building, tangible personal property, fixtures and other improvement to be located thereon which secured the Neighborhood Stabilization Program Agreement for Multi-Family Housing dated July 27, 2010 and continues to secure the obligations under this Agreement.
- 36. "Relocation" shall mean any relocation assistance or payment required to be provided to past or present tenants of the Property under applicable federal, state, or local laws and/or regulations.
- 37. "Request for Notice of Default" shall mean a request for Notice of Default to be recorded against the Property in the form in Exhibit D-3.
- 38. "Residual Receipts" shall mean Revenue less Operating Expense.
- 39. "Revenue" shall mean the gross rental income from the Property and any other income the Borrower derives from the ownership, operation and management of the Project. Revenue shall be documented by audited financial statements, as defined in "Annual Financial Statement."
- 40. "Term" shall mean the period commencing on the date of recordation of the Deed of Trust and shall continue through the Affordability Period as defined in (4) of this section.

102. Representations and Warranties of Borrower. Borrower hereby represents and warrants to the County as follows:

1. Organization. Borrower is HOUSING PARTNERS I, INC., which has the power and authority to own property and carry on its business as now being conducted. Copies of the documents evidencing the organization of the Borrower delivered to the County are true and correct copies of the originals, as amended to the date of this Agreement.

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

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

4. Valid Binding Agreements. This Agreement and the County NSP Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute legal, valid, and binding obligations of the Borrower enforceable against in accordance with their respective terms.

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

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

Each of the foregoing items (1) through (6), inclusive, shall be deemed to be an ongoing representation and warranty. The Borrower shall immediately advise the County in writing if there is any change relating to it pertaining to any matters set forth or referenced in the foregoing items (1) through (6), inclusive.

103. Limitation Upon Change in Ownership, Management and Control of the Borrower.

1. Prohibition. Except as expressly set forth herein, during the Term of this Agreement, no voluntary or involuntary successor in interest of the Borrower shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Borrower make any total or partial sale, transfer, conveyance, or encumbrance to secure financing, assignment or lease of the whole or any part of the Property without the prior written approval of the County, which approval shall not unreasonable be withheld (other than the lease of 6 Affordable Units to Low-

Moderate-, and Middle-Income tenants). Any purported transfer, voluntary or by operation of law, in violation of this Section 103 shall constitute a default hereunder and shall be void.

2. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, County approval of an assignment of this Agreement or conveyance of the Property or any part thereof, shall not be required in connection with the following:

(a) The conveyance, dedication, transfer or assignment of the whole or any portion of the Property to the County or other governmental agency;

(b) The granting of easements or permits to public utilities to facilitate the operation of the Property.

3. Successors and Assigns. All the terms, covenants and conditions of this Agreement shall be binding upon the Borrower and the permitted successors and assigns of the Borrower. Whenever the term "Borrower" is used in this Agreement, such terms shall include any other permitted successors and assigns as herein provided.

104. NSP Program Provisions.

1. Use of the NSP Program funds. Activities to be performed under this Agreement are described in Section 201. Specific tasks that have been performed are attached as **Schedule of Performance** (EXHIBIT B). The Original Project Budget was reviewed, approved and is attached as **Original Project Budget** (EXHIBIT G).

2. Affordability. Housing assisted with NSP Program funds under this Agreement must meet the requirements described herein of NSP Regulations and are to be maintained as "affordable" to Low-, Moderate-, or Middle-income households (LMMH) pursuant to the following, commencing at initial rent-up, as set forth in Section 401 and 402 of this Agreement. The County NSP Loan shall become immediately due and payable at any time, if 2 NSP-assisted units are not rented or maintained as vacant units available to rent at affordable rents to Low-Income households earning fifty percent (50%) or less and 4 NSP assisted units are not rented or maintained as vacant units available to rent at affordable rents to Moderate income households earning one-hundred and twenty percent (120%) than the AMI for not less than thirty (30) years from August 17, 2010 but only after appropriate written Notice of the Default has been given by County to the Borrower. The Borrower shall have the applicable cure periods as provided in this Agreement. Borrower agrees that one hundred percent of the NSP funds will be used to provide 6 floating units to Low and Moderate Income residents.

3. Repayment. Terms for repayment are outlined in Sections 204 and 205 of this Agreement and restated in the Note.

4. Uniform Administrative Requirements (92.505). The requirements of OMB Circular No. A-122 and the following requirements of 24 CFR Part 84 apply to subrecipients receiving NSP Program funds: 84.2, 84.5, 84.13 through 84.16, 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37, 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73. Copies of OMB Circulars may be obtained from Executive Office of the President, Publication Service, 725 17th Street, N.W., Suite G-2200, Washington, D.C. 20503; telephone: (202) 395-7332.

5. Project Compliance. This Agreement requires that the Project comply with all applicable requirements of Subpart F of the NSP Regulations.

6. Housing Quality Standards. Housing assisted with NSP Program funds under this Agreement shall be maintained to meet the U.S. Department of Housing and Urban Development Housing Quality Standards and local housing code requirements for the duration of this Agreement. Any NSP-assisted rehabilitation shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality and habitability, in order to rent or redevelop the Property.

7. Other Program Requirements. The Borrower must implement this Project in conformance with NSP requirements as described in Section 307 of this Agreement.

8. Affirmative Marketing. The Borrower must comply with requirements described in Section 307.3 of this Agreement and Subpart H, 24 CFR Part 92, Section 351 of the HOME Program Regulations.

9. Conditions of Religious Organizations. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in NSP. Neither the federal government nor a state or local government receiving funds under NSP shall discriminate against an organization on the basis of the organizations' religious character or affiliation.

10. Disbursement of Funds. The County has disbursed funds to the Borrower in compliance with Section 207 of this Agreement.

11. Reversion of Assets. Any subrecipient, as defined in Subpart A, 24 CFR Part 92, Section 2 of the HOME Regulations, shall agree to transfer to the County any NSP funds on hand at the time of the expiration or termination of the Agreement, and any accounts receivable attributable to the use of NSP funds.

12. Records and Reports.

(a) The Borrower shall maintain the following records and reports in order to assist the County in meeting its record keeping and reporting requirements:

- (i) Files on the annual review and certification of tenant income;
- (ii) Any information on the qualification of affordable rents;
- (iii) Terms and conditions of all signed leasehold agreements between tenants and Borrower; and
- (iv) All legal reports and records, in forms, or at a frequency as may be required by the County.

13. Enforcement of the Agreement. The County shall have the right, by prior written notice to the Borrower, to enforce the terms and conditions to this Agreement by liens on the real property (including, but not limited to, the Amended and Restated Affordability Covenant), the affordability requirements in 24 CFR Part 92, Section 252, or any other such violation as is brought to the attention of the County regarding the Project. In the event of a breach of any condition or provision hereof, the County shall have the right, by prior written notice to the Borrower to suspend or terminate this Agreement if the Borrower fails to comply with any term of the Agreement.

Termination of this Agreement, in whole or in part, shall be made by giving the Borrower written notice in accordance with 24 CFR Part 85, Section 44.

14. Duration of this Agreement. This Agreement will remain in effect for thirty (30) years from August 17, 2010 and with verification by County that all NSP-assisted units are occupied by NSP-eligible LMMH tenants.

15. Monitoring.

(a) The County is responsible for managing the day-to-day operations of its NSP Program and monitoring the performance of all entities receiving NSP Program funds to ensure compliance with the requirements of Subpart K (24 CFR, Section 92.500 *et seq.*) of the HOME Regulations, and for taking appropriate action when performance problems arise.

(b) Not less than annually, the County will review the activities of Borrower as relates to the management and ownership of this Affordable Housing Development assisted with NSP Program funds to assess compliance with the requirements of Subpart K (27 CFR, Section 92.500 *et seq.*), of the HOME Regulations, as set forth in this Agreement.

(c) The results of these reviews must be included in the County's performance report or any other reports required by HUD.

200. FINANCING

201. County NSP Loan. The County has been awarded funds by HUD pursuant to the NSP Program. The County agreed to loan, and already disbursed, from such NSP Program funds to the Borrower the amount six hundred sixty six thousand one hundred thirteen dollars and eleven cents (\$666,113.11) (the "County NSP Loan") for the development of the property located at 7207 Garden Dr. in the City of San Bernardino, CA, as more particularly described in the LEGAL DESCRIPTION attached hereto as Exhibit A and incorporated herein by this reference, subject to the terms and conditions set forth in this Agreement. The outstanding balance of the County NSP Loan as March 30, 2020 is six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88) as shown in the Amended and Restated Promissory Note (EXHIBIT D-1). Said Note shall be secured by an Amended and Restated Deed of Trust in a form satisfactory to the County. Borrower shall execute all additional documents required by County in connection with this transaction, including:

1. AMENDED AND RESTATED DEED OF TRUST
2. REQUEST FOR NOTICE OF DEFAULT
3. AMENDED AND RESTATED AFFORDABILITY COVENANT

202. Sources of Financing. The Project has been financed with loan proceeds from NSP funds through the County.

203. Reserves. Operating reserves for the 6 floating units shall be capped at six months' worth of operating expenses. Borrower shall make annual deposits to a capital replacement reserve in a minimum amount of \$1,000.00 per unit per year for the 6 floating units. Upon the execution of this Agreement, Borrower shall deposit \$12,000.00 into the capital replacement reserves.

Borrower shall obtain consent from County before withdrawals can be taken from replacement reserves. All earnings, including interest, on the reserves must be added to the reserves.

204. Interest. The County Loan shall bear interest at the rate of zero percent (0%) as defined in the Amended and Restated Promissory Note except upon the occurrence of an Event of Default by Borrower as defined in Section 501. In the Event of Default, interest shall accrue on the unpaid principal balance of the Note at the rate of seven percent (7%) per annum compounded annually from the date of default as determined by the County until the Amended and Restated Promissory Note is paid in full; provided, however, that if such rate of interest may not be collected under applicable law, interest shall accrue on the unpaid principal balance of the Amended and Restated Promissory Note at the highest rate permitted under the laws of the State of California. Interest shall be computed based on an actual-day year and actual number of days elapsed.

205. Repayment. As long as Borrower has not committed an Event of Default pursuant to Section 501 and subject to any cure period for the Event of Default, the County NSP Loan shall be repaid by the Borrower as follows:

1. In each year remaining in the Affordability Period, the Borrower shall make annual principal payments in the amount of fifty percent (50%) of the Residual Receipts on or before each April 1st. On or before each annual payment date, Borrower is required to submit audited Annual Financial Statements to the County for the preceding calendar year. County shall review and approve such statement, or request revisions, within sixty (60) days of receipt. In the event the County fails to approve or disapprove the audited Annual Financial Statement within the sixty (60) day period, Borrower may request a written determination of approval or disapproval following the expiration of such period. In the event the County fails to provide a written determination to Borrower within ten (10) days following the receipt of Borrower's request for determination, the audited Annual Financial Statement shall be deemed approved. In the event the County determines that there is an understatement in the amount and payment of Residual Receipts due to County, Borrower shall promptly pay to the County such understated amount, but in any event, within twenty (20) days of notice of such understatement. In the event the County determines that there is an overpayment in the amount and payment of the Residual Receipts due to the County, County shall promptly pay to Borrower the amount of the overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest.

2. Notwithstanding the foregoing, the then outstanding principal balance shall be immediately due and payable at the election of the County, upon the earlier of:

(a) the sale, lease, exchange, assignment or other conveyance (whether voluntary or by operation of law) of all or any part of the Project or any interest in the Project unless otherwise approved by the County (other than the lease of 6 Affordable Units to Low-, Moderate-, and Middle Income tenants pursuant to Section 103 of the Agreement; or

(b) an Event of Default, as defined in Section 501 of the Agreement, has occurred and remains uncured, the continuation of which would require the County to repay all or any portion of the County NSP Loan to HUD due solely to the errors, acts or omissions of the Borrower.

3. Within six months after the conclusion of the Affordability Period, Borrower will repay the County NSP Loan as follows: upon the conclusion of the Affordability Period, Borrower will refinance the Property and take out a new Deed of Trust on the Property to repay the remaining balance of the County NSP Loan. To refinance the Property, Borrower will have the Property appraised. The parties acknowledge that the appraisal will be dependent on the intended future use of the Property (e.g. fair market value rental use or as continued Affordable Units). If the Property will be used as a fair market value rental, the Property shall be appraised with a highest and best use analysis with fair market rents. If the Property will continue to lease Affordable Units, the appraisal analysis will consider the six Affordable Units. If the loan proceeds from the refinance of the Property for the appraised value are not sufficient to repay the remaining total balance of the County NSP Loan, Borrower will repay the County NSP Loan to the fullest extent possible and the remaining balance will be forgiven if there are no pending Events of Default. However, if the value of the Property appraises at more than the remaining total balance of the County NSP Loan, the loan proceeds from the refinance of the Property will be used to repay the remaining total balance of the County NSP Loan and the remaining loan proceeds will be divided with 75% to the County and 25% to Borrower. Borrower will provide all copies of all appraisals to County immediately upon receipt. If the refinance is based on the appraisal of the Property with six (6) Affordable Units, the Borrower, concurrent with the refinance of the Property, shall extend the Affordability Period for an additional ten (10) years.

206. Assumption. The Note shall not be assignable or assumable by successors and assigns of the Borrower without the prior written consent of the County, which consent may be withheld in the County's sole and complete discretion in the County finds that the proposed assignee has inadequate assets, experience, or qualification, or any other reasonable basis exists for withholding consent.

207. County NSP Loan Disbursement. Upon the satisfaction of the conditions precedent to the County NSP Loan disbursement set forth in Section 211 below, the County has previously disbursed the entire County NSP Loan for the acquisition and rehabilitation of the Property, including any development costs as defined in Section 101 (15), Development Costs. The proceeds were disbursed out of escrow as follows:

1. The costs of the acquisition (as restricted in "Development Costs" in Section 101(15); architectural and engineering fees (if any) incurred as of the date of the close of escrow, financing fees ("points"), title and title insurance; escrow fees and closing costs; appraisals; tests to determine the condition of the property; and such other fees and expenses approved by the County in writing.

2. Funds for rehabilitation were disbursed upon written approval of a County Inspector.

208. Security for County NSP Loan. The County NSP Loan shall be evidenced by this Agreement and the Amended and Restated Promissory Note and shall be secured by the Amended and Restated Deed of Trust and the Request for Notice of Default.

209. Subordination of Deed of Trust. The Amended and Restated Deed of Trust shall be subordinate only to the Amended and Restated Affordability Covenant Agreement and shall not be subordinate to the lien of any other Loan, mortgage or deed of trust, unless approved in writing by the County.

210. Condition of the Property.

1. Environmental Condition Prior to County NSP Loan Disbursement. The Borrower represents to the County that it is not aware of, to the best of its actual constructive knowledge, and has not received any notice or communication from any governmental agency having jurisdiction over the Property, the seller of the Property, or any other person or entity, notifying it of the presence of Hazardous Materials or Hazardous Materials Contamination in, on, or under the Property, or any portion thereof. The Borrower knows of no circumstances, conditions or events that may now, or may with the passage of time, giving rise to any Environmental Claim against or affecting the Property.

2. Indemnification. In addition to, and without limiting the indemnity provided for in Section 211, the Borrower shall save, protect, pay for, defend, indemnify and hold harmless the County and its officers, employees, representatives and agents, from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including without limitation penalties, fines and monetary sanctions), losses, costs or expenses (including without limitation consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and responses costs) (the foregoing are hereinafter collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the County or its officers, employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of:

- (a) the ownership of all or any part of the Property;
- (b) any act or omission of any person;
- (c) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Material or Hazardous Materials Contamination;
- (d) the environmental condition of the Property; and
- (e) any Liabilities incurred under any Governmental Requirements relating to Hazardous Materials.

3. Release. The Borrower hereby waives, releases and discharges forever the County, and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the County's or the Borrower's use, maintenance, ownership or operation of the Property, any Hazardous Materials on the Property, or the existence of Hazardous Materials Contamination in any state on the Property, however they came to be placed there.

The Borrower acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

- (a) "A general release does not extend to claim which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which if known by him or her must have materially affected his or her settlement with the debtor."

(b) As such relates to this Section 210, the Borrower hereby waives and relinquished all rights and benefits which it may have under Section 1542 of the California Civil Code.

(c) Notwithstanding the foregoing, this Release shall not be effective in the event the presence or release of Hazardous Materials on the Property occur as a result of the gross negligence or willful misconduct of County, its officers, employees, representatives and agents.

4. Duty to Prevent Hazardous Material Contamination. Upon the execution of this Agreement, the Borrower shall take such actions as are necessary or prudent to prevent the release of any Hazardous Materials into the environment on or under the Property. During the operation and maintenance of the Property, the Borrower shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Borrower shall install and utilize such equipment and implement and adhere to such procedures as are consistent with the then prevailing standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials.

5. Environmental Inquiries. The Borrower shall notify the County, and provide to the County a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Property: notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports or certificates filed, or applications made, pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Borrower shall report to the County, as soon as possible, any unusual or potentially important incidents including, but not limited to, the following:

(a) All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials required by any Governmental Requirements;

(b) All notices of suspension of any permits;

(c) All notices of violation from federal, state or local environmental authorities;

(d) All orders under the State Hazardous Waste Control Act and the State Hazardous Substance Account Act and corresponding federal statutes concerning investigation, compliance schedules, clean-up, or other remedial actions;

(e) All orders under the Porter-Cologne Act, including corrective action orders, cease and desist orders, and clean-up and abatement orders;

(f) Any notices of violation from OSHA or CAL-OSHA concerning employees' exposure to Hazardous Materials; and

(g) All complaints and other pleadings filed against the Borrower, the Borrower or the County relating to the Borrower's storage, use, transportation, handling or disposal of Hazardous Materials on the Property.

In the event of a release of any Hazardous Materials into the environment, the Borrower shall, as soon as possible after the release, furnish to the County a copy

of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of the County, the Borrower shall furnish to the County a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Property including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

6. Definitions. For the purposes of this Section 210, the following terms shall have the meanings herein specified:

- (a) The term “Hazardous Materials” shall mean
 - (i) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, and regulations promulgated thereunder;
 - (ii) any “hazardous substance” as defined by the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Section 25300 et seq.), as amended from time to time, and regulations promulgated thereunder;
 - (iii) asbestos;
 - (iv) polychlorinated biphenyls;
 - (v) petroleum, oil, gasoline (refined and unrefined) and their respective by-products and constituents; and
 - (vi) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any “Governmental Requirements” (as defined in Subparagraph (c) of Paragraph 6 of this Section 210) either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment.

(b) The term “Hazardous Materials Contamination” shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on, in, or of the Property by Hazardous Material, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in, or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Agreement) emanating from the Property.

(c) The term “Governmental Requirements” shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the County, the Borrower, or the Property.

(d) The term “Environmental Claim” shall mean (i) any judicial or administrative enforcement actions, proceedings, claims, orders (including consent orders and decrees), directives, notices (including notices of inspection, notices of abatement, notices of non-compliance or violation and notices to comply), requests for information or investigation instituted or threatened by any governmental authority pursuant to any Government Requirement; or (ii) any suits, arbitrations, legal proceedings, actions or claims instituted, made or threatened that relate to any damage, contribution, cost recovery, compensation, loss or injury resulting from the release or threatened release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Hazardous Materials, or the violation or alleged violation of any Governmental Requirement, or the generation, manufacture, use, storage, transportation, treatment, or disposal of Hazardous Materials.

211. Conditions Precedent to Disbursement of County NSP Loan Proceeds. The County has disbursed the required portions of the County NSP Loan proceeds on behalf of the Borrower into escrow in accordance with Section 207 and, subject to the requirements of Section 207 and this Section 211, within the times set forth in the **Schedule of Performance** (EXHIBIT B). No disbursement of the County NSP Loan was made until all of the following conditions were completed to the satisfaction of the County:

1. Deadlines for Completion of Certain Activities. The Borrower must provide a copy of the executed General Contractor agreement by December 1, 2010. In addition the Borrower must provide at least three contractor bids for the rehabilitation work being completed by December 1, 2010. If any of these conditions are not satisfied by the stated dates, the County the right to terminate this Agreement with no further obligation of the County. The Director of CDH shall have the right to terminate this Agreement pursuant to this Section 211 without further action of the Board of Supervisors.

2. Executed and Delivery of Documents. As applicable, the Borrower shall have executed and delivered into Escrow, the Note, the Deed of Trust, the Affordability Covenant, this Agreement, and any other documents and instruments required to be executed and delivered; all in form and substance satisfactory to the County.

3. Disbursement of Construction Funds. With respect to the disbursement of proceeds for rehabilitation costs, funds only will be disbursed upon written approval of the County as described in Section 207.

4. Indemnification. The Borrower agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. The Borrower’s indemnification obligation applies to the County’s “active” as well as “passive” negligence but does not apply to the County’s “sole negligence” or “willful misconduct” within the meaning of Civil Code Section 2782.

Borrower shall defend and indemnify County for claims that arise out of, pertain to, or relate to the negligence, reckless or willful misconduct of the design professional.

5. Insurance.

(a) Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies, shall contain endorsements naming the County and its officers, employees, agents and volunteers as additional insured's with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the County to vicarious liability but shall allow coverage for the County to the full extent provided by the policy.

Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

(b) Waiver of Subrogation Rights – The Borrower shall require the carriers of required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors,

All general or auto liability insurance coverage provided shall not prohibit the Borrower and Borrower's employees or agents from waiving the right of subrogation prior to a loss or claim. The Borrower hereby waives all rights of subrogation against the County.

(c) Policies Primary and Non-Contributory – All policies required herein are to be primary and noncontributory with any insurance or self-insurance programs carried or administered by the County.

(d) Severability of Interests – The Borrower agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Borrower and the County or between the County and any other insured or additional insured under the policy.

(e) Proof of Coverage – The Borrower shall furnish Certificates of Insurance to the County Department administering the contract evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Borrower shall maintain such insurance from the time Borrower commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Borrower shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

(f) Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII".

(g) Deductibles and Self-Insured Retention – Any and all deductible or self-insured retentions in excess of \$10,000 shall be declared to and approved by County Risk Management.

(h) Failure to Procure Coverage – In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is cancelled and not replaced, the County has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by the County will be

promptly reimbursed by the Borrower or County payments to the Contractor will be reduced to pay for County purchased insurance.

(i) Insurance Review – Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interest of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Borrower agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

6. Insurance Requirements. The Borrower agrees to provide insurance set forth in accordance with the requirements herein. If the Borrower uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Borrower agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Borrower shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

(a) Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of the Contractor and all risks to such persons under this contract.

If Borrower has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.

With respect to Borrower that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

(b) Commercial/General Liability Insurance – The Borrower shall carry General Liability Insurance covering all operations performed by or on behalf of the Borrower

providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- (i) Premises operations and mobile equipment.
- (ii) Products and completed operations.
- (iii) Broad form property damage (including completed operations).
- (iv) Explosion, collapse, and underground hazards,
- (v) Personal injury.
- (vi) Contractual liability.
- (vii) \$2,000,000 general aggregate limit.

(c) Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired, and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the Borrower is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million (\$2,000,000) for bodily injury and property damage or occurrence.

If the Borrower owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

(d) Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile.

212. Other Conditions.

1. Title to Land. Since the close of Escrow, Borrower warrants that it has good and marketable fee title to the Property and covenants there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than the Affordability Covenant Agreement, liens for current real property taxes and assessments not yet due and payable and the Deed of Trust approved by the County and any other mortgages, liens, pledges or encumbrances approved in writing by the County.

2. Permits and Approvals. The Borrower, shall, at its own cost and expense, obtain any and all permits and approvals required by the County or by other governmental agencies for the Property, pursuant to the **Schedule of Performance** (EXHIBIT B), approved by the County herein. The Borrower shall obtain and maintain a Certificate of Occupancy.

3. Recordation. The Amended and Restated Affordability Covenant Agreement, and the Amended and Restated Deed of Trust shall be recorded against the Property.

4. Priority of This Agreement. The Amended and Restated Affordability Covenant Agreement shall be superior to all other liens and encumbrances. This Agreement shall be subordinate only to the lien of the Amended and Restated Affordability Covenant Agreement,

and shall be prior to, and superior to, all other liens and encumbrances of record with respect to the Property.

5. Monitoring Capability. The Borrower shall demonstrate to the satisfaction of the County that the Project record keeping and monitoring system is capable of complying with the requirement set forth in Section 407 herein.

6. Representations and Warranties. All representations and warranties of the Borrower herein contained are true and correct.

7. Property Appraisal. The Borrower has submitted to County a true and correct copy of an appraisal of the Current Market Appraised Value of the Property for County's approval.

8. Disbursal of County NSP Funds. After close of escrow, Borrower shall submit detailed invoices or receipts for costs or expenses described in Section 207 monthly. The County may request additional information or documents as needed prior to the approval of payments. Upon approval of a request for payment, County funds will be disbursed within thirty (30) days.

9. Certification Relating to Federal Elections. Borrower shall certify that it has not been indicted for violation of federal election law relating to election for federal office and it does not employ applicable individuals as defined in 42 U.S.C. §5301 *et seq.*

10. [Reserved]

11. Other Special Terms and Conditions. Special Terms and Conditions contained within the attached **Special Terms and Conditions** (EXHIBIT H), are incorporated herein by this reference.

300. DEVELOPMENT AND CONSTRUCTION OF THE PROPERTY

301. Commencement and Completion of Project. Borrower hereby covenants that it has commenced and diligently prosecuted to completion the acquisition and rehabilitation and subsequent operation of the Project in accordance with **Schedule of Performance** (EXHIBIT B), the site plan and other plans and drawings submitted and approved in accordance with Section 305 and 306 hereof, including any applicable mitigation measures and filed a Notice of Completion pursuant to California Civil Code Section 3093 and obtained a Certificate of Occupancy. Subject to the provisions of Section 200 *et seq.*, the Borrower, at the Borrower's sole cost and expense, has completed the acquisition and rehabilitation and subsequent initiation of operation of the Project pursuant to the Neighborhood Stabilization Program Agreement for Multi-Family Housing.

302. Relocation. Borrower shall be fully responsible for administering determinations of eligibility and payments pursuant to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. Section 4601 *et seq.*) and pursuant to any other federal, state or local enactment including implementing regulations providing for relocation assistance or benefits in connection with the acquisition of the Property pursuant to this Agreement (collectively, the "Relocation Laws"). The cost of such permanent relocation including without limitation relocation benefits paid to eligible persons as determined by the Borrower, consultant

fees, attorneys' fees and court costs arising or in any way connected with claims for relocation assistance or benefits as may be asserted by any resident of the Property ("Relocation Cost") shall be paid by the Borrower. Pursuant to 24 CFR Part 92, Section 205, NSP Program funds may be used by the Borrower for eligible relocation expenses.

303. Notice of Completion. Promptly after the completion of the rehabilitation, in accordance with California Civil Code Section 3093 and this Agreement, the Borrower has executed a Notice of Completion that evidences the satisfactory completion of the acquisition and rehabilitation in accordance with the Neighborhood Stabilization Program Agreement for Multi-Family Housing. The Notice of Completion was recorded with the appropriate jurisdiction and a copy of the recorded Notice of Completion was transmitted to the County.

The issuance and recordation of the Notice of Completion with respect to the Property shall not supersede, cancel, amend or limit the continued effectiveness of any obligations relating to the maintenance, or uses, or payment of monies, or any other obligations, except for the obligation as referred to in Section 3093 of the California Civil Code.

304. Taxes and Assessments. So long as the Borrower, or its successor, assigns, owns or leases the Property or portions thereof, but subject to its right to claim a "welfare exemption" under California Revenue and Taxation Code Section 214(g), the Borrower shall pay all real and personal property taxes, assessments and charges and all franchise, income, unemployment, 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 the Borrower shall have the right to contest in good faith any such taxes, assessments, or charges. In the event the Borrower exercises its right to contest any tax, assessment, or charge against it, the Borrower, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges, and interest.

305. Entry by the County. The Borrower shall permit the County, through its officers, agents, or employees, at all reasonable times to enter into the Property to determine that the same is maintained in conformity with applicable codes, laws, and regulations. The Borrower acknowledges that the County is under no obligation to supervise, inspect, or inform the Owner of the progress of construction, property compliance with codes, Owner shall not rely upon the County therefore. The Borrower shall rely entirely upon its owner supervision and inspection in determining the quality and suitability of the maintenance, and of the performance of subcontractors.

306. Compliance with Laws. The Borrower shall comply with all federal, state and local statutes, ordinances, regulations and laws with respect to the ownership and operation of the Project including without limitation the rental of the Affordable Units.

The Borrower acknowledges that the Project is subject to the payment of prevailing wages under California law and to the federal Davis-Bacon Act. The Borrower is responsible for assuring compliance with any applicable prevailing wage requirements.

307. NSP Program Requirements. Because the County NSP Loan to the Borrower is provided through NSP Program funds, the Borrower shall carry out the acquisition and

rehabilitation and the operation of the Project in conformity with all requirements of the NSP Program such as, but not limited to:

1. Equal Opportunity. No person shall be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity funded in whole or in part with NSP funds. In addition, NSP funds must be made available in accordance with all laws and regulations listed in 24 CFR Part 92, Section 350(a).

2. Fair Housing. Actions described in Section 570.904(c) of Title II of the Cranston-Gonzalez National Affordable Housing Act to further fair housing shall be adhered to.

3. Affirmative Marketing. The Borrower shall adopt affirmative marketing procedures and requirements. These must include:

- (a) Methods for informing the public;
- (b) Requirements and practices that Borrower must adhere to in order to carry out the County's affirmative marketing procedures and requirements;
- (c) Procedures used by the Borrower to inform and solicit applications from persons in the housing market area who are not likely to apply without special outreach;
- (d) Records that will be kept describing taken by the Borrower to affirmatively market units, and records to assess the results of these actions; and,
- (e) A description of how the Borrower will assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

4. Environmental Review. The County has completed an assessment of activities to be undertaken with NSP funds in accordance with the requirements of 24 CFR Part 58. However, the Borrower must also comply with requirements outlined in Section 210 of this Agreement.

5. Displacement and Relocation. Requirements described in Section 301 and Section 302 of this Agreement as well as those listed at 24 CFR Part 92, Section 353 of HOME Regulations shall be met where applicable.

6. Conflict of Interest. The Borrower will comply with all requirements set forth herein regarding conflicts of interest.

7. Debarment and Suspension. As required in 24 CFR Part 92, Section 357 of the HOME Regulations, the Borrower will comply with all debarment and suspension certifications.

308. Right of the County to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or Deed of Trust default or breach by the Borrower, the Borrower shall immediately deliver to County a copy of any mortgage holder's notice of default. If the holder of any mortgage or Deed of Trust has not exercised its option to foreclose, the County shall have the right, but no obligation, to cure the default. In such event, the County shall be entitled to reimbursement from the Borrower of all proper costs and expenses incurred by the County in curing such default. The

County shall also be entitled to a lien upon the Property for any said costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or Deeds of Trust.

400. USES OF THE PROPERTY

The Borrower covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof, that upon the acquisition and rehabilitation and thereafter, the Borrower, its successors and assignees, shall use, maintain, and operate the Property as specified in this Agreement throughout the Term. All uses conducted on the Property including, without limitation, all activities undertaken by the Borrower pursuant to this Agreement shall conform to all applicable provisions of local, state and federal laws and regulations.

None of the dwelling units on the Property shall at any time be utilized on a transient basis nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or assisted living facility.

All NSP units are designated as Floating Units. Floating Units are changed to maintain conformity with the requirements of this section during the Affordability Period so that the total number of housing units meeting the requirements of this section remains the same, and substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated NSP-assisted unit.

401. Occupancy Restriction.

Throughout the Term, the Borrower covenants and agrees to make available, restrict occupancy to, and rent a total of 6 of the dwelling units on the Property as Affordable Units to Low and Moderate income households at an Affordable Rent pursuant to the terms set forth in this Agreement. Prior to leasing an Affordable Unit, the Borrower shall verify the income eligibility of the tenant applicant in order to assure compliance with the rent and occupancy restrictions and monitoring requirements of this Agreement (EXHIBIT I). The Borrower shall complete a **Schedule of Rents** (EXHIBIT C) which will list the initial rents for unit receiving NSP assistance. The Borrower shall upon request by the County complete such income verification on forms provided by the County.

402. Rent Restrictions.

1. **Affordable Rents shall not be greater than the lessor of:**

(a) The fair market rent including the cost of utilities and service (excluding telephone and cable) for existing housing for comparable units in the area as established by the United States Department of HUD under 24 CFR Part 888, Section 111; or

(b) A Low NSP program rent that does not exceed thirty percent (30%) of the annual income of a family whose income equals fifty percent (50%) or less of the AMI for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits, which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under (a) of this section, then the maximum rent for units under this paragraph is that calculated under paragraph (a). In determining the maximum monthly rent that may be charged for a unit that is subject to this limitation, the Borrower must subtract a monthly allowance for any utilities and service (excluding telephone) to be paid by the tenant. A copy of the current NSP

Program Rents are attached as (EXHIBIT F). County will provide the new HOME Program Rents and Income Limits provided by HUD annually.

2. If the unit receives federal or state project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than thirty percent (30%) of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.

3. Rent Schedule and Utility Allowance. The County will approve the Affordable Rents proposed by the Borrower together with the monthly allowances for utilities and services to be paid by the tenant. The Borrower must re-examine the income of tenant household living in the Affordable Units annually. The maximum monthly must be recalculated by the Borrower and reviewed and approved by the County annually, and may change as changes in the applicable gross rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in rents for the Affordable Units is subject to the provisions of outstanding leases. Any increase in rents for Affordable Units is subject to the provisions of outstanding leases. Rents may not be increased during the existing lease term. The Borrower must provide written notice to tenants and to the County of those units not less than thirty (30) days before implementing any increase in rents.

4. Determining Tenant Income. Tenant income must be determined in accordance with 92.203 of HOME Regulations using the income option by the County.

5. Increases in Tenant Income. The Affordable Units shall qualify as Affordable Housing despite a temporary noncompliance if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to County are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected. Tenants who no longer qualify as very low-income families must pay as rent the less of the amount payable by the tenant under state or local law or thirty percent (30%) of the family's adjusted monthly, except that tenants of NSP assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by Section 42. In addition, in projects in which the NSP units are designated as floating (as in this Agreement), tenants who no longer qualify as Low- and Moderate-income are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood, as re-certified annually.

6. Rental agreements with tenant may not be for a period of time less than one (1) year.

403. Operation and Maintenance. The Borrower shall manage, operate, and maintain the Property in accordance with this Agreement and shall maintain or cause to be maintained the interiors and exteriors of the Affordable Units in a decent, safe, and sanitary manner, and in accordance with the HUD Housing Quality Standards and the maintenance standards required by Section 92.251 of the HOME Regulations.

404. Non-Discrimination Covenants. The Borrower covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease,

sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the Borrower itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

The Borrower shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, creed, religion, sex, marital status, familial status, disability, national origin or ancestry of any person.

405. Tenant Protections.

1. Lease. The Borrower shall execute or cause to be executed a written lease in a form approved by the County with tenant household identifying by name all permitted occupants, both adults and minors, occupying Affordable Unit. The lease between tenants occupying the Affordable Units must be for not less than one (1) year unless otherwise agreed by the tenant and the Borrower.

2. Prohibited Lease Terms. The lease may not contain any of the following provisions:

(a) Agreement to be Sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the Borrower in a lawsuit brought in connection with the lease:

(b) Treatment of Property. Agreement by tenant that the Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the unit after the tenant has moved out of the unit. The Borrower may dispose of this personal property in accordance with state law;

(c) Excusing the Borrower from Responsibility. Agreement by the tenant not to hold the Borrower or the Borrower's agents, legally responsible for any action or failure to act, whether intentional or negligent;

(d) Waiver of Notice. The Borrower may institute a lawsuit without notice to the tenant;

(e) Waiver of Legal Proceedings. Agreement by the tenant that the Borrower may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(f) Waiver of a Jury Trial. Agreement by the tenant to waive any right to a trial by jury;

(g) Waiver of Right to Appeal Court Decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

(h) Tenant Chargeable with Cost of Legal Actions Regardless of Outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant

wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

3. Termination of Tenancy. The Borrower may not terminate the tenancy or refuse to renew the lease of a tenant of the Project except for: (1) serious or repeated violation of the terms and conditions of the lease; (2) for violation of applicable federal, state, or local law; or (3) for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) days by the Borrower's service upon the tenant of a written notice specifying the grounds for the action.

4. Tenant Selection. The Borrower shall not refuse to rent a unit in the Project to a holder of a Rental Voucher or a Rental Certificate or comparable document evidencing participation in the Section 8 Program or a HOME Tenant-Based Rental Assistance (TBRA) program. The Borrower must adopt written tenant selection policies and criteria approved by the County that:

- (a) Are consistent with the purpose of providing housing for qualified Lower Income Households;
- (b) Are reasonable related to HOME Program eligibility and the applicants' ability to perform the obligations of the lease;
- (c) Give reasonable consideration to the housing needs of families that would have a federal preference under Section 960.211 of Title II of the Cranston-Gonzalez National Affordable Housing Act of 1992; and
- (d) Provide for:
 - (i) The selection of tenants from a written waiting list in the chronological order of their application insofar as is practicable; and
 - (ii) The prompt written notification to any rejected applicant of the grounds for any rejection.

406. Subordination. The Amended and Restated Affordability Covenant Agreement shall be recorded and shall run with the land and shall be senior to all liens and encumbrances, including the lien of the Primary Loan. The County NSP Loan shall be in first position.

407. Monitoring. Throughout the Term, the Borrower shall comply with all applicable record keeping and monitoring requirements set for in 24 CFR Section 92.508 of the HOME Regulations and shall annually complete and submit to County a Certification of Continuing Program Compliance in the form attached hereto as **Annual Certification of Continuing Program Compliance** (EXHIBIT E-2) and incorporated herein.

Representatives of the County shall be entitled to enter the Property upon at least twenty-four (24) hours' notice to monitor compliance with the Affordability Covenant Agreement, this Agreement, to inspect the records of the Project with respect to the Affordable Units, and to conduct an independent audit of such records. The Borrower agrees to cooperate with the County in making the Property available for such inspection. If for any reason the County is unable to obtain the Borrower's consent to such an inspection, the Borrower understand and agree that the

County may obtain, at the Borrower's expense, an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. The Borrower agrees to maintain records in a business-like manner and to make such records available to the County upon twenty-four (24) hours' notice. Unless the County otherwise approves, such records shall be maintained for the term of this Agreement.

500. DEFAULT AND REMEDIES

501. Events of Default. (1) Subject to the extensions of time set forth in Section 503, failure or delay by either party to perform, observe or comply with the material conditions, provisions, terms, covenants or representations in this Agreement, and the Amended and Restated Affordability Covenant Agreement, constitutes a default ("Default") under this Agreement. Each of the following shall constitute an event of Default ("Event of Default"):

1. Failure to rent the 6 Affordable Units to qualified, income-eligible tenants, subject to any periods of vacancy as described in Section 6(b). Pursuant to Section 402 of the Agreement and 24 CFR Section 92.252, tenant income must be determined for the applicable compliance period in accordance with 24 CFR Section 92.203 of the HOME Regulations;

2. Failure to charge rent on the Affordable Units in the appropriate amount for comparable units in the area as established by HUD pursuant to 24 CFR Section 888.111, subject to any monthly allowances for utilities and services, as described in Section 402 of the Agreement, (24 CFR 92.252);

3. Failure to provide any required and/or requested Compliance Reports;

4. Discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project, or the establishment or permitting the establishment of any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Project, as described in Section 404 of the Agreement;

5. Asking prospective or existing tenant(s) to provide any information relating to the health status of the tenant(s);

6. Failure to maintain the Project in accordance with the U.S. Department of Housing and Urban Development Housing Quality Standards and all applicable local housing code regulations and requirements, as described in Section 104(6) of the Agreement;

7. Violation of the applicable requirements of Subpart F (Project Requirements) of 24 CFR Section 92, (or any successor regulations) not previously described and cited above, including, but not limited to:

(a) 24 CFR Section 92.253 (tenant protections), which requires a lease for no less than one year and prohibits the inclusions of certain lease provisions that disfavor tenants;

(b) 24 CFR Section 92.254 (converting rental units to home ownership units for existing tenants); and

(c) 24 CFR Section 92.257 (faith-based activities).

8. Violation of Section 307(1), 307(2) and 307(3) of the Agreement;

9. Failure to Satisfy Conditions Precedent. Failure of the Borrower to satisfy the conditions precedent to the disbursement of County Loan Proceeds as set forth in Section 211 within the time specified therefore in the **Schedule of Performance** (EXHIBIT B).

10. Material Misstatement or Omissions. If any omission, representation or warranty contained in this Agreement or in any application, evidence of financing or financial statement, certificate or report submitted to the County in connection with the County Loan proves to have been incorrect in any material respect when made, or becomes incorrect, and the Borrower fails to immediately notify the County in writing as required by this Agreement.

11. Insolvency, as described herein. A court having jurisdiction shall have made or entered any decree or order (i) adjudging the Borrower to be bankrupt or insolvent; (ii) approving as property filed a petition seeking reorganization of the Borrower or seeking any arrangement for the Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Borrower in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of the Borrower if any such decree or order described in clauses (i) to (iv) inclusive shall have continued unstayed or undischarged for a period of forty-five (45) days unless a lesser time period is permitted to cure under any other mortgage on the Property, in which even such lesser time period will apply under subsection 501(6) as well; or the Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv) inclusive;

12. Assignment or attachment, as described herein. The Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within forty-five (45) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection 501(5) as well) or prior to sooner sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the Events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note representing the County Loan contemplated hereunder;

13. Suspension; Termination. The Borrower shall have voluntarily suspended its business or, if the Borrower is a partnership, the partnership shall have been dissolved or terminated without the prior consent of the County.

14. Liens on Development and Land. A lien (other than liens permitted by the terms hereof and those approved in writing by the County) shall have been recorded against the Property or any part thereof, or any interest or right appurtenant thereto, or the service of any notice to withhold proceeds of the County Loan and the continued maintenance of said claim of lien or notices to withhold for a period of thirty (30) days without discharge or satisfaction thereof or provision therefore satisfactory to the County. The lien of the County NSP Loan shall remain

superior at all times (with the exception of the Affordability Covenant) unless otherwise approved in writing by the County.

502. Remedies and Acceleration of Note. The occurrence of any Event of Default will either at the option of the County, or automatically where so specified, relieve the County of any obligation to perform hereunder including, without limitation, to make or continue the County Loan, and shall give the County the right to proceed with any and all remedies set forth in this Agreement and/or the County Loan Documents including, but not limited to, the following:

1. Acceleration of Amended and Restated Promissory Note. The County shall have the right to cause all indebtedness of the Borrower to the County under this Agreement and the Note to become immediately due and payable pursuant to the terms stated in Section 501. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The County may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the County as a creditor and secured party under the law including the Uniform Commercial Code and including foreclosure under the Amended and Restated Deed of Trust. Subject to any non-recourse provisions in this Agreement, the Borrower shall be liable to pay the County on demand all expenses, costs and fees (including without limitation attorneys' fees, costs and related expenses) paid or incurred by the County in connection with the collection of the County Loan, the default hereunder, and the preservation, maintenance, protection, sale, or other disposition of the security given for the County Loan.

2. Specific Performance. The County shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Borrower to perform its obligations and covenants under the County Loan Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the County Loan Documents.

3. Right to Cure at the Borrower's Expense. The County shall have the right to cure any monetary default by the Borrower under a loan other than the County Loan; provided, however, that if the Borrower is in good faith contesting a claim of default under a loan and the County's interest under the County Loan Documents are not imminently threatened by such default, the County shall not have the right to cure such default. The Borrower agrees to reimburse the County for any funds advanced by the County to cure a monetary default by the Borrower upon demand therefore, together with interest thereon at the rate of ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

4. Termination. The County shall have the right to terminate this Agreement and, at its sole option, to seek any remedies at law or equity available hereunder, and thereafter neither party shall have any further rights against the other under this Agreement.

5. Notice of Default. The County shall provide notice of an Event of Default, specifying the Default and the period to cure the Default, which period shall not be less than thirty (30) days. If the Event of Default shall continue uncured or if Borrower has not commenced to diligently cure the Event of Default within thirty (30) days (unless a different period of notice is required by the Agreement), then the County may pursue any of the remedies described in this Section 502.

503. Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by any party hereunder shall not be deemed to be in default, and all

performance and other dates specified in this Agreement shall be extended where delays or defaults are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, material or tools, acts or omissions of the other party, acts or failures to act of any public or governmental entity (except that the County's acts or failure to act shall not excuse performance of the County hereunder), or any other causes beyond the control and without the fault of the party claiming an extension of time to perform. An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

504. Right of Contest. The Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the County or the rights of the County hereunder.

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

506. Waiver of Terms and Conditions. The County may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement without the Borrower completing an amendment to this Agreement. No waiver of any default or breach the Borrower hereunder shall be implied from any omission by the County to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the County to or of any act by the Borrower requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement or the County Loan Documents, nor shall it invalidate any act done pursuant to notice of default, or prejudice the County in the exercise of any right, power, or remedy hereunder or under the County Loan Documents unless in the exercise of any right, power, or remedy all obligations of the Borrower to County are paid and discharged in full.

507. Non-Liability of County Officials and Employees. No member, official, or employee of the County shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the County or for any amount which may become due to the Borrower or its successors, or on any obligations under the terms of this Agreement.

600. GENERAL PROVISIONS

601. Time. Time is of the essence in this Agreement.

602. Notices. Any notice requirement set forth herein shall be deemed to be satisfied five (5) days after mailing of the notice first-class United States Mail, postage prepaid, addressed to the appropriate party as follows:

Borrower: **Housing Partners I, Inc.**
 715 Brier Drive
 San Bernardino, CA 92408

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

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

603. Attorneys' Fees. If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorneys' fees directly arising from a third-party legal action against a party hereto and payable under Sections 210(2) and 211(3) relating to indemnification.

604. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the County, its successor and assigns, and the Borrower, its successors and assigns, and no other person or person shall have any right of action hereon.

605. County to File Notices. The Borrower irrevocably appoints, designates, and authorizes the County as its agent (said agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notices that the County deems necessary or desirable to protect its interest hereunder and under the County Loan Documents.

606. Actions. The County shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties hereunder, or the disbursement of any proceeds of the County Loan.

607. Successors and Assigns. The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that no assignment of the Borrower's rights hereunder shall be made, voluntarily or by operation of law, without the prior written consent of the County as specified in Section 103 above, and that any such assignment without said consent shall be void.

608. Use of Words. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

609. Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

610. Governing Law. This Agreement and the County Loan Documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California.

611. Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by the parties to this Agreement.

612. Approvals. Where an approval or submission is required under this Agreement, such approval, or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the County, such approval may be given on behalf of the County by the County Administrative Officer or his or her designee, who may, in his or her sole discretion, submit such approval or consent for consideration by County Counsel.

613. Captions and Headings. Captions and headings in this Agreement are for convenience of reference only, and are not to be considered in construing the Agreement.

614. Conflict of Interest. No member, official or employee of the County or the Borrower shall have any personal interest, direct or indirect, in the subject matter of County Loan, nor shall any such member, official or employee participate in any decision relating to County Loan which affects his personal interest or the interests of any corporation, partnership or association in which he has an interest, whether directly or indirectly.

615. Former County Officials. Borrower agrees to provide or has already provided information on former County of San Bernardino Administrative Officials (as defined below) who are employed by or represent Borrower. The information provided includes a list of former County Administrative Officials who terminated County employment within the last five (5) years and who are now officers, principals, partners, associates, or members of the business. The information also includes the employment with or representation of Borrower. For purposes of this provision, "County Administrative Official" is defined as a member of the Board of Supervisors or such Officer's staff, County Administrative Officer or member of such Officer's staff, County Department or Group Head, Assistant Department or Group Head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

616. Contract Compliance. The Borrower will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and Labor Surplus Area firms (a firm located in an area of high unemployment) are used when possible in compliance with provisions of Title 24 Code of Federal Regulations Part 85.36(e).

The Borrower agrees to comply with the provisions of the Contract Compliance Program of San Bernardino County and the rules and regulations adopted pursuant thereto. Borrower shall comply with Executive Orders 11246, 11375, 11635, 12138, 12432, 12250, Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act (FEHA), as revised, and other applicable federal, state, and County laws, regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

The Borrower shall make every effort to ensure that all projects funded wholly or in part by NSP Program funds shall provide equal employment and career advancement of opportunities for minorities and women. In addition, the Borrower shall make every effort to employ residents of the area and shall keep a record of the Borrower staff positions that have funded directly by or as a result of this program.

617. Entire Agreement. This Agreement shall be executed in four (4) duplicate originals, of which is deemed to be an original.

This Amended and Restated Neighborhood Stabilization Program Agreement is not intended as a novation of the obligations under the original Neighborhood Stabilization Program Agreement.

This Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one (1) instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below.

COUNTY OF SAN BERNARDINO

HOUSING PARTNERS I, INC.

By: Maria Razo

Name: Maria Razo

Title: Secretary / Treasurer

Curt Hagman, Chairman
Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors of the County
of San Bernardino

By: _____
Deputy

APPROVED AS TO LEGAL FORM
MICHELLE D. BLAKEMORE
COUNTY COUNSEL

By: _____

Dated: _____

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 San Bernardino

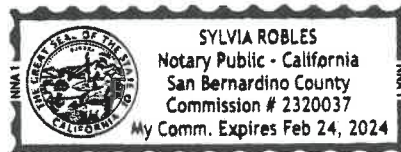
On April 2, 2020 before me, Sylvia Robles Notary Public, personally appeared Maria Razo, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that she/she/they executed the same in his/her/their authorized 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.

Signature Sylvia Robles

(Seal)



This Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one (1) instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below.

COUNTY OF SAN BERNARDINO

HOUSING PARTNERS I, INC.

By: _____

Name: _____

Title: _____


Curt Hagman, Chairman
Board of Supervisors

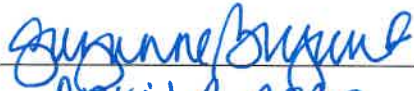
SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors of the County
of San Bernardino

By: 
Deputy



APPROVED AS TO LEGAL FORM
MICHELLE D. BLAKEMORE
COUNTY COUNSEL

By: 
Dated: April 2, 2020

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 **San Bernardino**

On **April 7, 2020** before me, **Donna A. Young** Notary Public, personally appeared **Curt Hagman**, 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 she/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.

Signature

Donna A. Young

(Seal)

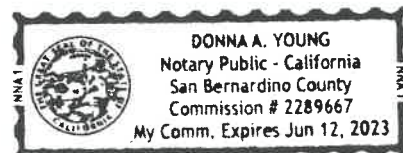


EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Garden Dr. Apartments – 7207 Garden Dr.

San Bernardino, CA

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

The north half of Lot(s) 24, Block 5 of Tract 2121, Baseline Gardens no. 3, as shown by map on file in Book 30 Page(s) 52, of maps, Records of San Bernardino County, California.

Garden Drive Apartments
7207 Garden Drive
San Bernardino, CA

APN: 0273-211-19-0000

EXHIBIT B

SCHEDULE OF PERFORMANCE

Garden Dr. Apartments – 7207 Garden Dr.

San Bernardino, CA

- | | |
|--------------------------------|-----------------|
| • Original NSP Loan Approval | July 27, 2010 |
| • NSP Funds Disbursement | August 31, 2010 |
| • Completion of Rehabilitation | June 1, 2011 |
| • Stabilization | August 31, 2011 |

Any changes to these dates require the written approval of the Director of Community Development and Housing, which shall not be unreasonably withheld, conditioned or delayed, but do not require an amendment to this Agreement. These time frames are to be no later than dates above, and Milestones can be completed sooner without penalty.

EXHIBIT C

SCHEDULE OF RENTS

Garden Dr. Apartments – 7207 Garden Dr.

San Bernardino, CA

NSP ASSISTED UNITS

UNITS/OR NUMBER	NUMBER OF BEDROOMS	INITIAL NSP RENT INCLUDING UTILITIES
		Low
5	1	\$624
1	2	\$748

Note: All NSP units to be Floating Units.

EXHIBIT D-1

AMENDED AND RESTATED PROMISSORY NOTE SECURED BY DEED OF TRUST

HOUSING PARTNERS I, INC.
Garden Drive Apartments – 7207 Garden Dr.
San Bernardino, CA

This is an Amended and Restated Promissory Note between lender, the County of San Bernardino, Department of Community Development and Housing, and Borrower, Housing Partners I, Inc., successor in interest to Family Services Association Community Housing Development Organization, Inc., which assigned its interest to Housing Partners I, Inc. on May 3, 2016. As of March 30, 2020, the outstanding amount of the loan with accrued interest is six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88).

FOR VALUE RECEIVED, the undersigned Borrower promises to pay to the order of the County of San Bernardino, Department of Community Development and Housing (the “Lender”) located at 385 North Arrowhead Ave., Third Floor, San Bernardino, CA 92415-0043 or at such other location designated by Lender, the principal sum of six hundred sixty eight thousand one hundred eighty seven dollars and eighty eight cents (\$668,187.88), with interest as provided below and in accordance with the terms herein and under the County of San Bernardino Amended and Restated Neighborhood Stabilization Program (NSP) Agreement (“Property Loan Agreement”) dated April 7, 2020 for the purpose of developing the Garden Dr. Apartments (the “Property”) located at 7207 Garden Dr., in the City of San Bernardino. All terms used and not defined herein shall have the meaning set forth in the Property Loan Agreement as amended.

1. The terms of this Note runs concurrently with the Affordability Period for the 6 NSP-assisted units which is thirty years and commenced on August 17, 2010. In each year remaining in the Affordability Period, the Borrower shall make annual principal payments in the amount of fifty percent (50%) of the Residual Receipts on or before each April 1st. On or before each annual payment date, Borrower is required to submit audited Annual Financial Statements to the County for the preceding calendar year. County shall review and approve such statement, or request revisions, within sixty (60) days of receipt. In the event the County fails to approve or disapprove the audited Annual Financial Statement within the sixty (60) day period, Borrower may request a written determination of approval or disapproval following the expiration of such period. In the event the County fails to provide a written determination to Borrower within ten (10) days following the receipt of Borrower’s request for determination, the audited Annual Financial Statement shall be deemed approved. In the event the County

determines that there is an understatement in the amount and payment of Residual Receipts due to County, Borrower shall promptly pay to the County such understated amount, but in any event, within twenty (20) days of notice of such understatement. In the event the County determines that there is an overpayment in the amount and payment of the Residual Receipts due to the County, County shall promptly pay to Borrower the amount of the overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest.

2. Borrower will promptly pay all taxes, levies, and assessments on the Property for the term of this Note and Affordability Period.
3. If Lender has not received a payment required herein by the end of fifteen (15) calendar days after the payment is due, Lender may collect a late charge in the amount of seven percent (7%) of the overdue amount of payment.
4. Borrower agrees that the Property shall be kept insured against loss by fire and/or other hazards in a sum of not less than the amount of all indebtedness on the Property including but not limited to, the original balance of said Property Loan Agreement. The Lender shall be named in the loss payable clause of the policy and shall be provided with a current copy of the policy during the term of this loan.
5. Borrower or its representative must notify Lender in writing prior to the sale, conveyance, or transfer of the Property.
6. Should Borrower agree to or actually sell, convey, transfer, or dispose of the real property described in the Amended and Restated Deed of Trust securing this Promissory Note, or any part of it, or any interest in it or should a transfer of the Property occur by operation of law, except as provided for in the Property Loan Agreement, as amended, the entire remaining principal balance may become immediately due and payable as determined in writing by the Lender. Notwithstanding the generality of the foregoing, however, certain transfers permitted under the County NSP Loan Agreement and the withdrawal, removal and/or replacement of a general partner shall not constitute a default hereunder or under the County NSP Loan Agreement and any such action shall not accelerate the maturity of this Note providing that any transferee is either a permitted transferee as defined in the County NSP Loan Agreement or that any required substitute general partner is reasonably acceptable to the Lender and is selected with reasonable promptness and that any substitute general partner agrees to be bound by any and all instruments in favor of the Lender.
7. No deficiency amount may be recovered from the Borrower under the provisions of this Note, except as may be provided herein. The personal liability of the Borrower or any partner of the Borrower to pay the principal of and interest on the debt evidenced by this Note shall be limited to the following: (i) the real property which is encumbered by the deed of trust securing the Amended and Restated Promissory Note (the "Deed of Trust"), and (ii) any personal property pledged under the said Deed of Trust. Lender shall not seek (a) any judgment for a deficiency against Borrower or any partner of Borrower, or Borrower's or any of Borrower's partners members, managers, officers, directors, legal

representatives, successors or assigns, in any action to enforce any right or remedy under the Deed of Trust securing the Promissory Note or under the County NSP Loan Agreement as amended, or (b) any judgment on this Note, except as may be necessary in any action brought under the Deed of Trust or under the County NSP Loan Agreement to enforce the lien against the Property or to exercise any remedies against the Property under the County NSP Loan Agreement. Notwithstanding the generality of the foregoing, Borrower and any general partner of Borrower shall be personally liable in the amount of any loss, damage or cost (including, but not limited to, attorneys' fees) resulting from one or more of the following: (aa) fraud or intentional misrepresentation by Borrower in connection with obtaining the loan evidenced by this Note or with the County NSP Loan Agreement, (bb) intentional bad faith waste of the Property encumbered by the Deed of Trust which secures this Note, and (cc) losses resulting from the Borrower's failure to maintain insurance as required under the provisions of the Deed of Trust securing this Note and under the County NSP Loan Agreement. Borrower's obligation to indemnify the Lender as aforesaid shall be a personal, recourse obligation of the Borrower, and in the event of any breach such obligation, the Lender shall have the right to proceed directly against the Borrower to recover any and all such loss, damage or cost (including reasonable attorneys' fees and expenses) resulting from such breach.

8. Borrower agrees to comply with all laws, regulations, covenants, conditions and restrictions affecting the Property.
9. Borrower agrees that Lender is not be held liable for any deficiency in the workmanship or materials supplied by any contractor(s) performing any work on the Property at any time. Lender DISCLAIMS ALL WARRANTY LIABILITY THAT ANY WORK UNDERTAKEN BY ANY CONTRACTOR(S) AT ANY TIME WILL PROPERLY CORRECT HOUSING CODE VIOLATIONS OR MINIMUM STANDARDS OF FITNESS OR MERCHANTABILITY, expressed or implied.
10. Borrower shall indemnify, defend, and hold harmless Lender, its officers, agents, employees and volunteers from any and all claims, losses, or legal action arising from any and all actions of Borrower, its employees, agents, contractors, subcontractors, tenants and volunteers arising out of this Note.
11. If any provision of this Note is found to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue with full force and effect without being impaired or invalidated in any way.
12. No waiver by either party or any of the herein terms and conditions shall constitute a continuing waiver of such terms and conditions.
13. The provisions of this Note supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Note which is not contained herein or in the Deed of Trust, shall be valid or binding on either of the parties.

14. Borrower agrees to comply with the terms of this Note, the Amended and Restated Deed of Trust, and the County NSP Loan Agreement. Should Borrower fail to comply with the terms of this Note, the County NSP Loan Agreement, or of the Amended and Restated Deed of Trust, Borrower will be in default and the entire Loan shall immediately become due and payable subject to the conditions outlined above.
15. Borrower agrees that the improved property shall not be converted to for-sale condominium units during the term of the Note and/or the County NSP Loan Agreement, as amended.
16. Borrower agrees not to discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, State, or local housing assistance program or, except for a housing project for elderly persons, on the basis that the tenants have a minor child or children who will be residing with them, for at least thirty (30) years commencing on August 17, 2010.
17. If any action at law or in equity is brought to enforce or interpret the provisions of this Note, the prevailing party will be entitled to reasonable attorneys' fees in addition to any other relief to which it may be entitled.
18. Borrower acknowledges that Lender has furnished Borrower with a true copy of this document.

TO WITNESS the representations and obligations contained in this Note, the undersigned has executed this Note as of _____, 2020.

Borrower: Housing Partners I, Inc.

By: _____
Anthony Perez
Executive Director

EXHIBIT D-2

When recorded mail to:

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

AMENDED AND RESTATED DEED OF TRUST WITH ASSIGNMENT OF RENTS

This AMENDED AND RESTATED DEED OF TRUST WITH ASSIGNMENT OF RENTS, made this 7th day of April, 2020 between HOUSING PARTNERS I, INC., herein called TRUSTOR whose address is 715 Brier Drive, San Bernardino, CA, 92408, FIDELITY NATIONAL TITLE COMPANY, a California corporation, herein called TRUSTEE, and the County of San Bernardino, Department of Community Development and Housing, herein called BENEFICIARY.

TRUSTOR irrevocably grants, transfers and assigns to Trustee in Trust, with Power of Sale that property in the County of San Bernardino, State of California, described as follows:

The north half of Lot(s) 24, Block 5 of Tract No. 2121, Baseline Gardens no. 3, as shown by map on file in Book 30 Page(s) 52 of maps, records of San Bernardino, California, APN 0273-211-19-0000,

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING (1) payment of the sum of \$668,187.88 with interest thereon according to the terms of the Amended and Restated Promissory Note of even date made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of TRUSTOR incorporated by reference or contained herein or reciting it is so secured; (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his or her successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

A. To protect the security of this Deed of Trust, and with respect to the property above described, Trustor agrees:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said

property in violation of the law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. To provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which the Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
4. To pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, pay, purchase, content or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

5. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1. That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for disposition or proceeds of fire or other insurance.
2. That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.
3. That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability or any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.
4. That upon written request of beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."
5. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trust, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder and invalidate any act done pursuant to such notice.

6. That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.
8. That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender

includes the feminine and/or the neuter, and the singular number includes the plural.

9. The Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obliged to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge thereof does not exceed the maximum allowed by laws.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him or her at his or her address hereinbefore set forth.

Beneficiary requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary at 385 North Arrowhead Ave., Third Floor, San Bernardino, CA 92415-0043.

BORROWER:

HOUSING PARTNERS I, INC.

By: _____

Name: _____

Title: _____

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 she/he/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.

Signature _____

(Seal)

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

To FIDELITY NATIONAL TITLE COMPANY

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Amended and Restated Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidence of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated: _____

By: _____

Please mail Deed of Trust, Note(s) and Reconveyance to:

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

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

EXHIBIT D-3

When recorded mail to:

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

REQUEST FOR NOTICE UNDER CIVIL CODE SECTION 2924b

In accordance with Civil Code section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded concurrently herewith, official Records of San Bernardino County, California, and describing land therein as:

The north half of Lot(s) 24, Block 5 of Tract No. 2121, Baseline Gardens no. 3, as shown by map on file in Book 30 Page(s) 52 of maps, records of San Bernardino, California, APN 0273-211-19-0000

Executed by HOUSING PARTNERS I, INC. as Trustor in which the County of San Bernardino, Department of Community Development and Housing as Beneficiary, be mailed to County of San Bernardino, Department of Community Development and Housing at 385 North Arrowhead Ave., Third Floor, San Bernardino, CA 92415-0043.

Dated: _____

By: _____

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 she/he/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.

Signature _____

(Seal)

EXHIBIT E-1

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

Housing Partners I, Inc.
Garden Dr. Apartments – 7207 Garden Drive.
San Bernardino, CA

HOUSING PARTNERS I, INC. hereby certifies that it will comply with all applicable ongoing NSP program requirements for the Property's Affordability Period which is thirty years commencing on August 17, 2010 for the above-described project as follows:

Two (2) units being made available to income qualifying households earning fifty percent (50%) or less than the AMI and Four (4) units will be made available to income qualifying households earning one-hundred and twenty percent (120%) or less than the AMI.

Borrower will maintain 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 leasehold agreements between tenants and Borrower;
4. All legal reports and records required by County.

HOUSING PARTNERS I, INC.

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT E-2

ANNUAL CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

Housing Partners I, Inc.
Garden Dr. Apartments – 7207 Garden Drive.
San Bernardino, CA

HOUSING PARTNERS I, INC. hereby certifies that it is complying with all applicable ongoing NSP program requirements for the Property's Affordability Period which is thirty years commencing on August 17, 2010 for the above-described project as follows:

Two (2) units being made available to income qualifying households earning fifty percent (50%) or less than the AMI and Four (4) units will be made available to income qualifying households earning one-hundred and twenty percent (120%) or less than the AMI.

Borrower is maintaining 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 leasehold agreements between tenants and Borrower;
4. All legal reports and records required by County.

HOUSING PARTNERS I, INC.

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT F

NSP PROGRAM RENTS

(Based on HOME Program Rents)
Housing Partners I, Inc.
Garden Dr. Apartments – 7207 Garden Dr.
San Bernardino, CA

U.S. DEPARTMENT OF HUD

STATE: CALIFORNIA

FISCAL YEAR 2019 HOME PROGRAM RENTS

PMSA: RIVERSIDE – SAN BERNARDINO, CA

	Efficiency	1-BR	2-BR	3-BR	4-BR	5-BR
LOW HOME RENT LIMIT	\$628	\$673	\$808	\$933	\$1041	\$1149
<i>FOR INFORMATION</i>						
<i>ONLY:</i>						
FAIR MARKET RENT	\$826	\$986	\$1232	\$1717	\$2132	\$2452
50% RENT LIMIT	\$628	\$673	\$808	\$933	\$1041	\$1149
120% RENT LIMIT						

Note: Figures above are maximum rents that may be charged for NSP Units only if all utilities and appliances are included in the rent. NSP Program rents are current as of June 28, 2019

EXHIBIT G

ORIGINAL PROJECT BUDGET

Garden Dr. Apartments – 7207 Garden Dr.

San Bernardino, CA

Sources	
San Bernardino County NSP	\$666,113.11
Total Sources	

Uses	
Acquisition	\$321,000
Construction Costs	\$259,413.11
Soft Costs	\$22,880
Reserves	\$7,200
Developer Fee	\$55,620
Total Uses	\$666,113.11

EXHIBIT H

SPECIAL TERMS AND CONDITIONS

Garden Dr. Apartments – 7207 Garden Dr.
San Bernardino, CA

**THE FOLLOWING ARE THE SPECIAL TERMS AND CONDITIONS ASSOCIATED
WITH THIS PROJECT:**

NONE.

EXHIBIT I
Housing Partners I, Inc.
Garden Drive Apartments - 7207 Garden Drive, San Bernardino, CA

FORM OF CERTIFICATION OF TENANT ELIGIBILITY

Rental Unit _____
Street Address _____
City _____

Unit No _____
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 apartment 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 and White ☐
American Indian or Alaska Native
☐ Native Hawaiian or Other Pacific Islander ☐ American Indian or Alaska Native and White
☐ Black or African American and White ☐ American Indian or Alaska Native and Black or
African American ☐ Other Multi Race
☐ Hispanic ☐ Yes ☐ No

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 1 for the twelve 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 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 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 Assistance Program; and payments received from the Job Partnership Training 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 12-month period commencing this date: \$_____.

8. Students

- (a) Will all of the persons listed in item 1 above be or have they been full-time students during five 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?

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.

I acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the Project for which application is being made. I consent to the disclosure of such information to the issuer of such bonds, the owners of such bonds, any trustee or agent acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

Signature: _____ Date _____

FOR COMPLETION BY PROJECT 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 Regulatory Agreement (the "Regulatory 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 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 Regulatory Agreement.

G. Applicant:

_____ **Qualifies as a qualifying tenant.**

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

EXHIBIT J

NSP

Amended and Restated Affordability Covenant Agreement

Housing Partners I, Inc.
Garden Dr. Apartments – 7207 Garden Dr.
San Bernardino, CA

It is hereby agreed and understood that, in accordance with the provisions of the Amended and Restated Neighborhood Stabilization Program (NSP) Agreement (“Agreement”) dated April 7, 2020, Housing Partners I, Inc., having its principal office located at 715 E. Brier Drive, San Bernardino, California (“Borrower”), has covenanted with the County of San Bernardino (“County”) having its principal office located at 385 N. Arrowhead Ave. 3rd Floor, San Bernardino, California, with respect to the property located in San Bernardino, California, described in Exhibit “A” attached hereto (the “Property”) and does hereby covenant, as follows:

1. The Borrower, and such successor and assignees as permitted pursuant to the Agreement, shall utilize no less than six (6) dwelling units located on the Property solely for the purpose of providing affordable housing to low-, and moderate-income persons as defined in 42 U.S.C. § 5301 and applicable regulations pursuant to the provisions of the Agreement (the “NSP Assisted Units”). In order to maintain conformity with the requirements of this Section during the period of affordability so that the total number of housing units meeting the requirements of this Section remains the same, and each substituted unit is comparable in terms of size, feature and number of bedrooms to the originally designated NSP Assisted Unit, all NSP Assisted Units shall be designated as “Floating Units.” The following income restrictions apply to occupants of the NSP Assisted Units:

Six (6) dwelling units shall be occupied by low-, moderate-, and middle income households whose annual incomes, at the time of initial occupancy, do not exceed 120% of the AMI for San Bernardino County, California. For purposes of this covenant, the AMI for San Bernardino County, California shall be determined in accordance with 24 CFR §92.216(a)(1) as made available by the U.S. Department of Housing and Urban Development (“HUD”). Annual income shall be determined in accordance with 24 CFR Part 5 as defined at 24 CFR § 5.069.

2. Notwithstanding the covenant as contained in Section 1 above, upon foreclosure or transfer in lieu of foreclosure, the NSP Assisted Units shall be occupied by low-income households whose annual incomes do not exceed fifty percent (50%) and moderate-income households whose annual incomes do not exceed one hundred twenty percent (120%) of the AMI for San Bernardino County, California. Income shall be determined

in accordance with 24 CFR Part 5 as defined at 24 CFR § 5.069. Said covenant shall continue in effect for the statutory minimum Period of Affordability for twenty (20) years after the date of initial compliance and continue for an additional ten (10) years after the statutory twenty year period for a total of thirty (30) years.

3. Unless otherwise approved by the County in writing, during the Affordability Period (a period of not less than thirty (30) years beginning on August 17, 2010), the rents charged for all NSP Assisted Units shall be as follows:

Rents charged for the NSP Assisted Units referenced in Section 1 above, including the monthly allowance for the utilities and services (excluding telephone and cable) to be paid by the tenant, shall be no more than the lesser of (1) the Section 8 Fair Market Rent for a comparable unit as established by HUD under 24 CFR § 888.111, or (2) the rent established by HUD under 24 CFR § 92.252 for a unit occupied by a family with less than one hundred twenty percent (120%) of the Area Median Family Income referenced in Section 1 above (the "Low- and Moderate NSP Rent").

4. There shall be no discrimination against, or segregation of, any person, or group of persons, on account of race, color, religion, gender, national origin, age, disability or familial status in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, and the Borrower (itself or any person claiming under or through Borrower) shall not establish or permit any such practice or practices of discrimination, or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees thereof or any portion thereof.
5. The Borrower further covenants that it will carry out all of the provisions of the Agreement, and that all of said covenants set forth above and in the Agreement, shall run with the Property. Except in the case of foreclosure or transfer in lieu of foreclosure under Sections 2 and 4, the covenants contained in Sections 1, 3, and 5 above shall continue in effect for thirty (30) years beginning on August 17, 2010. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership.
6. This Amended and Restated Affordability Covenant is not intended to secure or otherwise obligate any bank, commercial lender or other party providing financing to the Borrower with respect to the Property for any financial obligations whatsoever either to HUD or to the County. The intent hereof is solely to assure HUD that the requisite number of residential dwelling units in the Project as constructed upon the Property remain available as NSP Assisted Units during the time required hereunder and at the applicable rental rates as the same shall apply separately to (i) the Borrower, and (ii) any bank, commercial lender or other party providing financing secured by the Property. The Borrower's financial obligations to HUD or the County are contained in the Agreement.

Copies of the Agreement are available at the office of the County of San Bernardino, Department of Community Development and Housing, 385 North Arrowhead Avenue, Third Floor, San Bernardino, CA 92415 and by telephone at 909-388-0800.

COUNTY OF SAN BERNARDINO

By: 

Its: Curt Hagman

Chairman, Board of Supervisors

Dated: APR 07 2020, 2020

HOUSING PARTNERS I, INC.

By: 

Anthony Perez

Its: _____
Executive Director

Dated: April 6, 2020

EXHIBIT A TO EXHIBIT J

LEGAL DESCRIPTION OF THE PROPERTY

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

The north half of Lot(s) 24, Block 5 of Tract 2121, Baseline Gardens no. 3, as shown by map on file in Book 30 Page(s) 52, of maps, Records of San Bernardino County, California.

Garden Drive Apartments
7207 Garden Drive
San Bernardino, CA

APN: 0273-211-19-0000