**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(CORONA 2ND STREET FAMILY APARTMENTS)**

**by and among**

**CITY OF CORONA HOUSING AUTHORITY,**
**a public body, corporate and politic, organized under the laws of the State of California,**

**CITY OF CORONA,**
**a California municipal corporation,**

**and**

**SECOND STREET FAMILY LP**
**a California limited partnership**

**Dated as of ~~August 21, 2024~~ _____, 2025, for reference purposes only**

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**CITY OF CORONA**

**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(CORONA 2ND STREET FAMILY APARTMENTS)**

THIS FIRST AMENDED AND RESTATED AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT (Corona Second Street Family Apartments) (this "**Agreement**") is dated as of ~~August 21, 2024~~ _____, 2025, for reference purposes only, and is entered into by and among the CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California (the "**Authority**"), the CITY OF CORONA, a California municipal corporation (the "C**ity**"), and SECOND STREET FAMILY LP, a California limited partnership (the "**Developer**"). This Agreement amends and restates in its entirety the Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments), dated as of August 21, 2024, for reference purposes only, among the City, the Authority and the Developer. The Authority, City and Developer enter into this Agreement with reference to the following recited facts (each, a "**Recital**"):

**RECITALS**

A. The Authority is the owner of that certain real property of approximately 5.00 acres located in the City of Corona, California, located at the southwest and southeast corners of 2nd Street and Buena Vista Avenue, which is the real property specifically described in Exhibit "A" attached to this Agreement and shown on the Site Plan attached as Exhibit "B", attached to this Agreement ("**Authority Property**").

B. The Developer desires to newly construct an approximately one hundred fifteen (115) unit (including one manager's unit) multifamily residential development on a portion of the Authority Property, which is more particularly described in the Project Scope of Development, attached as Exhibit "H" to this Agreement (the "**Project**").

C. Pursuant to this Agreement, the Developer, with the Authority's cooperation, will process a lot line adjustment for the Authority Property to adjust the sizes and configurations of the two parcels comprising the Authority Property as generally depicted on the Site Plan attached as Exhibit "B" (the "**Lot Line Adjustment**"), such that the parcel on which the Project will be constructed will be about four (4) acres in size (the "**Property**") and the other parcel will be about one (1) acre in size (the "**Remainder Property**").

D. The Authority has received from the United States Department of Housing and Urban Development ("**HUD**") Community Development Block Grant ("**CDBG**") Program funds, Catalog of Federal Domestic Assistance Number 14.218 pursuant to Title I of the Housing and Community Development Act of 1974, as amended, to be used in accordance with 24 C.F.R. Part 570, which the Authority has used, along with other funds, to purchase the Property. The City also intends to use other HUD funds for the Project, including HOME Investment Partnerships Program funds, Catalog of Federal Domestic Assistance Number 14.239, appropriated pursuant

to section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) ("**HOME-ARP**"), to be used in accordance with 24 C.F.R. Part 92 as modified by Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program.

E. To facilitate the development of the Project, the Authority desires to convey the Property to Developer and provide a loan to the Developer to pay certain development and construction costs, subject to Developer securing the remaining financing necessary for the development of the Project and Developer's commitment to maintain one hundred fifteen (115) multifamily units (including one manager's unit) in the Project as affordable housing units that will be rented in accordance with the terms of the Regulatory Agreement as defined in this Agreement.

F. To facilitate development of the Project, the City desires to provide a loan to the Developer with HOME-ARP funds to pay certain development and constructions costs of the Project. The disbursement and use of HOME-ARP funds are subject to the HOME-ARP Regulations and the HOME-ARP Notice, as defined in Section 1, which, among other things, requires that the following conditions for commitment to the Project, as defined at 24 CFR 92.2, be satisfied: (i) all necessary financing for the Project must be secured; (ii) a budget and schedule must have been established for the Project; (iii) underwriting must have been completed; and (iv) construction on the Project must be scheduled to start within twelve months of the date of the agreement between the City and Developer where the HOME-ARP funds are committed. The Parties expressly acknowledge that this Agreement shall not be construed as a "commitment" of funds pursuant to 24 CFR 92.2. Rather, the City intends the HOME-ARP Note, the Deed of Trust and the Regulatory Agreement, which are attached to this Agreement and which will be executed by the Parties pursuant to the terms of this Agreement only after the conditions for commitment to the Project, as defined at 24 CFR 92.2, have been satisfied, will qualify as a "commitment" of funds pursuant to 24 CFR 92.2, as legally binding written agreements reserving a specific amount of HOME-ARP funds to the Project. To facilitate development of the Project, the City desires to provide a loan to the Developer in the form of a deferral of certain development impact fees levied against the Project. The City is a party to this Agreement solely for the purpose of providing for the deferral of such development impact fees and any action or obligations of City hereunder shall be taken in the City's proprietary, as opposed to regulatory, capacity. The City reserves all rights and authority to review the Project and determine whether, in its sole and absolute discretion, any necessary entitlements for development of the Project on the Property should be issued or approved pursuant to any and all applicable federal, state and local laws, ordinances, regulations, codes, standards and other requirements.

G. The terms and conditions of this Agreement and the exhibits attached to this Agreement implement the goals and objectives of the Authority by providing affordable housing units on the Property, which will increase the stock of affordable housing within the Authority's jurisdiction. The disposition of the Property pursuant to this Agreement is in the best interests of the Authority. The terms and conditions of this Agreement and the exhibits attached to this Agreement also implement the goals and objectives of the City by providing affordable housing units on the Property, which will increase the stock of affordable housing within the City. The financing to be provided by the City pursuant to this Agreement is in the best interests of the City and the health, safety and welfare of the City's taxpayers and residents. Implementation of this

Agreement will further the goals and objectives of the City's General Plan, including but not limited to the General Plan's Housing Element, by: (i) providing needed affordable housing within the City, and (ii) strengthening the City's land use and social structure.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE PROMISES AND COVENANTS OF AUTHORITY, CITY AND DEVELOPER SET FORTH IN THIS AGREEMENT, AUTHORITY, CITY AND DEVELOPER AGREE, AS FOLLOWS:

## 1. DEFINITIONS

1.1 Defined Terms. The following words, terms and phrases are used in this Agreement with the following meanings, unless the particular context of usage of a word, term or phrase requires another interpretation:

1.1.1. **Affiliate**. Any other Person, directly or indirectly, Controlling or Controlled by or under common Control with the specified Person.

1.1.2. **Agreement**. This First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments).

1.1.3. **Annual Budget**. The proposed annual operating budget for the management and operation of the Project required pursuant to Section 6.6.1 of this Agreement.

1.1.4. **Application**. Any agreement, application, certificate, document, or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, Certificate of Occupancy, utility service or hookup, easement, covenant, condition, restriction, subdivision, or such other instrument as Developer may reasonably request for the Project; or (b) to enable Developer to seek any Approval or to use and operate the Project in accordance with this Agreement and the Regulatory Agreement.

1.1.5. **Appraisal**. The appraisal as defined in Section 2.3.1.

1.1.6. **Approval**. Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law to commence, perform, or complete the Construction of the Project.

1.1.7. **Authority**. The City of Corona Housing Authority, a public body, corporate and politic, organized under the laws of the State of California.

1.1.8. **Authority Board.** The Board of Commissioners of the Authority.

1.1.9. **Authority Executive Director**. The Executive Director for Authority or his or her designee or successor in function.

1.1.10. **Authority Parties**. Collectively, the Authority, its governing body, elected officials, commissioners, employees, agents and attorneys.

1.1.11. **Authority Party**. Individually, Authority, its governing body, elected officials, commissioners, employees, agents or attorneys.

1.1.12. **Authority Property**. That certain real property located within the City of Corona, County of Riverside, State of California, specifically described in the legal description in Exhibit "A" and shown on the Site Plan in Exhibit "B", all attached to this Agreement, which are incorporated into this Agreement by this reference.

1.1.13. **Automobile Liability Insurance**. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all Developer-owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars ($1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, conditioned or delayed.

1.1.14. **Bankruptcy Law**. Title 11, United States Code, and any other or successor State or Federal statute relating to assignment for the benefit of creditors, appointment of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.1.15. **Bankruptcy Proceeding**. Any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

1.1.16. **Builder's Risk Insurance**. Builder's risk or course of construction insurance covering all risks of loss, less policy exclusions, on a completed value (non-reporting) basis, in an amount sufficient to prevent coinsurance, but in any event not less than one hundred percent (100%) of the completed value of the subject Construction, including cost of debris removal (subject to a policy sublimit), but excluding foundation and excavations. Such insurance shall also: (a) grant permission to occupy; and (b) cover, for replacement cost, all materials on or about any offsite storage location intended for use in, or in connection with, the Property (subject to a policy sublimit).

1.1.17. **C&C**. C & C Development Co., LLC, a California limited liability company.

1.1.18. **CDBG**. The Community Development Block Grant Program under Title I of the Housing and Community Development Act of 1974, as amended, and 24 C.F.R. Part 570.

1.1.19. **CDLAC**. The California Debt Limitation Allocation Committee or successor in function.

1.1.20. **CEQA.** The California Environmental Quality Act (Public Resource Code 21000 et seq.), and its implementing regulations

1.1.21. **Certificate of Completion**. The written certification of Authority in substantially the form of "Exhibit J" attached to this Agreement that the Construction of the Project has been completed in compliance with the terms and conditions of this Agreement.

1.1.22. **Certificate of Occupancy**. A Certificate of Occupancy as defined in Section 111.2 of the California Building Code, 2013 Edition as adopted by the City and modified pursuant to Section 15.02.190 of the Corona Municipal Code.

1.1.23. **City**. The City of Corona, a California municipal corporation.

1.1.24. **City Manager**. The City Manager for the City or his or her designee or successor in function.

1.1.25. **City Parties**. Collectively, City, its governing body, elected officials, employees, agents and attorneys.

1.1.26. **City Party**. Individually, City, its governing body, elected officials, employees, agents or attorneys.

1.1.27. **Claim**. Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an Indemnitor improperly fails to provide a defense for an Indemnitee, then Legal Costs of counsel retained by the Indemnitee) and any judgment.

1.1.28. **Close of Escrow**. Completion of each of the actions set forth in Section 3.7.4 by the Escrow Agent for the sale of the Property from Authority to Developer.

1.1.29. **Construction**. Any alteration, construction, excavation, demolition, grading, development, expansion, reconstruction, redevelopment, repair, restoration, or other work affecting the Property, including new construction.

1.1.30. **Construction Financing**. One or more loans that Developer shall obtain from one or more Institutional Lenders, the proceeds of which are to be used and applied to pay the reasonable costs of obtaining such loan(s) and either: (a) the Total Project Costs; or (b) to refinance only the outstanding amount owed under a prior loan obtained by Developer to finance the amount described in "(a)" of this Section 1.1.30 (without any other amounts). Such loan(s) shall provide for normal and customary disbursement controls for the payment of Total Project Costs and normal and customary fees and expenses for loan(s) of similar size and purpose. The Construction Financing is set forth in the Project Budget.

1.1.31. **Construction Financing Documents**. The various documents and instruments made by and between Developer and one or more Institutional Lenders that evidence

or perfect the Construction Financing or the security for repayment of the Construction Financing, including any associated Security Instrument.

1.1.32. **Control**. Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of Equity Interests, by contract or otherwise.

1.1.33. **County**. The County of Riverside, California.

1.1.34. **Deed**. A deed transferring title to the Property from Authority to Developer in substantially the form of Exhibit "D" attached to this Agreement.

1.1.35. **Deed of Trust**. A Deed of Trust made by Developer for the benefit of Authority and the City in substantially the form of Exhibit "G" attached to this Agreement, which pledges the Property as collateral to secure repayment of the Project Note, the Fee Deferral Note, the HOME-ARP Note, and the Land Note.

1.1.36. **Default**. Any Monetary Default, any Non-Monetary Default, any Insurance Maintenance Default or any Escrow Default.

1.1.37. **Default Interest**. Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.1.38. **Developer**. Second Street Family LP, a California limited partnership, and its successors and assigns that are permitted by this Agreement.

1.1.39. **Developer Entity Documents**. The organizational documents of the entity that is Developer, including all amendments, all of which Developer shall certify as accurate and updated on the date of the Close of Escrow, and Certificate(s) of Good Standing from the Secretary of State of the State certifying that Developer is authorized to conduct business in the State.

1.1.40. **Developer Fee**. A fee to be paid by Developer to C&C and OHDC or their Affiliates that will serve as the general partners of the limited partnership that will develop the Project pursuant to this Agreement, which fee is compensation to perform, or to engage and supervise others to perform, services in connection with the negotiating, coordinating, and supervising the planning, architectural, engineering and construction activities necessary to cause completion and complete the Project, including all on-site and off-site improvements required to be constructed in connection therewith, in accordance with the this Agreement, as set forth in the Project Budget.

1.1.41. **Developer Official Action**. The official action of the directors, managers, partners or other Persons in Control of Developer in substantially the form attached to this Agreement as Exhibit "K" authorizing Developer to enter into and perform this Agreement.

1.1.42. **Developer Parties**. Collectively, Developer and the directors, officers, employees, agents, shareholders, members, managers and partners of Developer.

1.1.43. **Developer Party**. Individually, Developer or the directors, officers, employees, agents, shareholders, members, managers or partners of Developer.

1.1.44. **Developer Specific Default**. Any Default that: (a) is not reasonably susceptible of cure by the holder of a Permitted Security Instrument, such as (to the extent, if any, that it actually constitutes a Default under this Agreement) any Default resulting from a Bankruptcy Proceeding affecting Developer; any prohibited change of management of Developer; or failure to deliver required financial information within Developer's control; (b) by its nature relates only to an action that can reasonably be performed only by Developer or its Affiliates; or (c) consists of Developer's failure to satisfy or discharge any lien, charge, or encumbrance that satisfies all of the following: (i) attaches to the Property; (ii) is junior to the specific Permitted Security Instrument; and (iii) this Agreement prohibits.

1.1.45. **Effective Date**. The date set forth in the first paragraph of this Agreement.

1.1.46. **Environmental Claim**. Any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including Legal Costs and fees and costs of environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Law or Hazardous Substance Discharge.

1.1.47. **Environmental Document**. Any exemption determination, any negative declaration (mitigated or otherwise) or finding of no significant impact, or any environmental impact report or statement (including any addendum or amendment to, or subsequent or supplemental environmental impact report or statement) required or permitted by any Government, pursuant to CEQA or NEPA to issue any discretionary Approval required to approve this Agreement.

1.1.48. **Environmental Law**. Any Law regarding any of the following at, in, under, above, or upon the Property: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, remediation, control, disposal, generation, storage, release, discharge, transportation, use of, or liability or standards of conduct concerning, Hazardous Substances.

1.1.49. **Equity Interest**. All or any part of any direct or indirect equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest in a limited liability company, or other interest of an ownership or equity nature) in any entity, at any tier of ownership, that directly or indirectly owns or holds any ownership or equity interest in a Person.

1.1.50. **Escrow**. An escrow, as defined in Civil Code Section 1057 and Financial Code Section 17003(a), that is conducted by the Escrow Agent with respect to the sale of the Property from Authority to Developer, pursuant to this Agreement.

1.1.51. **Escrow Agent**. ~~Ticor Title Company of California~~Commonwealth Land Title, National Commercial Services, through its office located at 4400 MacArthur Blvd., Suite 800, Newport Beach, CA 92660, or such other Person mutually agreed upon in writing by both Authority and Developer**.**

1.1.52. **Escrow Agent Consent**. The Escrow Agent's consent to acting as Escrow Agent under this Agreement, in substantially the form of Exhibit "C" attached to this Agreement.

1.1.53. **Escrow Closing Date**. Subject to extension due to Enforced Delay pursuant to Section 8.5, the earlier of: (a) on or before the fifth (5th) Business Day following the Escrow Agent's receipt of written confirmation from both Authority and Developer of the satisfaction or waiver of all conditions precedent to the Close of Escrow; or (b) the date by which Construction Financing for the Project must close as set forth in Developer's receipt of written confirmation from TCAC of the reservation of the Tax Credits for the Project.

1.1.54. **Escrow Default**. The unexcused failure to submit any document or funds to the Escrow Agent as reasonably necessary to close the Escrow, after all other conditions precedent to the Close of Escrow for the benefit of such Party are satisfied or waived by such Party.

1.1.55. **Escrow Opening Date**. The first date on which a fully executed copy of this Agreement is deposited with the Escrow Agent pursuant to Section 3.7.4.

1.1.56. **Event of Default**. The occurrence of any one or more of the following:

(a) *Monetary Default*. A Monetary Default that continues for fifteen (15) calendar days after Notice from a non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

(b) *Escrow Closing Default*. An Escrow Default that continues for seven (7) calendar days after Notice from a non-defaulting Party, specifying in reasonable detail the document or funds not submitted;

(c) *Bankruptcy or Insolvency*. Developer admits in writing that it is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within one hundred twenty (120) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Developer's assets or Developer's interest in this Agreement (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within one hundred twenty (120) days);

(d) *Transfer*. The occurrence of a Transfer other than a Permitted Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of the terms and conditions of this Agreement; or

(e) *Non-Monetary Default*. Any Non-Monetary Default, other than those specifically addressed in Section 1.1.56(c) or Section 1.1.56(d) that is not cured within thirty (30) days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the effective date of such Notice, if the Party alleged to be in Default does not do all of the following: (a) within thirty (30) days after Notice of such Non-Monetary Default, advise the other Parties of the intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (c) complete such cure within a reasonable time under the circumstances.

1.1.57. **Fee Deferral Loan**. A Residual Receipts loan from the City to the Developer to pay the cost of certain development impact fees levied against the Project, which development impact fees have been deferred by the City pursuant to City Council Resolution No. 2024-087, in an amount that covers the following impact fees in the actual amount of such fees as the time they are due for the Project, which amount shall not exceed Two Million Dollars ($2,000,000) as of the date of this Agreement:

Street and Signal
Drainage
Law Enforcement
Fire Protection Facilities
Library Facilities
Public Meeting Facilities
Aquatic Center Facilities
Parkland and Open Space

1.1.58. **Fee Deferral Note**. A Residual Receipts promissory note made by Developer in favor of City in substantially the form of Exhibit "M" attached to this Agreement evidencing the Fee Deferral Loan.

1.1.59. **Final**. Relative to any Approval, when all administrative appeal periods regarding such matter have expired, all administrative appeals or challenges regarding such matter (if any) have been resolved to each of Authority's, City's and Developer's reasonable satisfaction, all statutory periods for challenging such matter have expired, all litigation or other proceedings (if any) challenging any such matter have been resolved to the reasonable satisfaction of each of Authority, City and Developer, all appeal periods relating to any such litigation or other proceedings have expired, all referendum periods regarding such matter have expired and all referenda regarding such matter (if any) have been resolved to each of Authority's, City's and Developer's reasonable satisfaction.

1.1.60. **Final Construction Drawings**. The final Construction drawings and specifications and finish grading and landscape plans for the Project prepared by Developer.

1.1.61. **FIRPTA Certificate**. A certification that Authority is not a "foreign person" within the meaning of such term under Section 1445 of the United States Internal

Revenue Code and sufficient to exempt Developer from the obligation to withhold any funds from Authority pursuant to Section 1445 of the United States Internal Revenue Code.

1.1.62. **Foreclosure Event.** Any transfer of title to the Property through any: (a) judicial or non-judicial foreclosure; (b) trustee's sale; (c) deed, transfer, assignment, or other conveyance in lieu of foreclosure; (d) other similar exercise of rights or remedies under any Security Instrument; or (e) transfer by operation of or through any Bankruptcy Proceeding (including an auction or plan of reorganization in any Bankruptcy Proceeding and any Bankruptcy Sale), in each case ("(a)" through "(e)") whether the transferee is a Lender, a Person claiming through a Lender, or a Third Person.

1.1.63. **Form 593**. A California Franchise Tax Board Form 593-C.

1.1.64. **General Escrow Instructions**. The Escrow Agent's general escrow instructions.

1.1.65. **Government**. Each and every governmental agency, authority, bureau, department, quasi-governmental body, or other entity or instrumentality having or claiming jurisdiction over the Property (or any activity this Agreement allows), including the government of the United States of America, the State and County governments and their subdivisions and municipalities, including the Authority, the City and all other applicable governmental agencies, authorities, and subdivisions thereof. "Government" shall also include any planning commission, board of standards and appeals, department of buildings, city council, zoning board of appeals, design review board or committee or similar body having or claiming jurisdiction over the Property or any activities on or at the Property.

1.1.66. **Gross Revenue**. All rents, revenues, consideration or income (of any form) received by Developer in connection with or relating to the ownership or operation of the Project, including any Net Refinancing Proceeds and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances).

1.1.67. **Hazardous Substance**. Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any "hazardous" or "toxic" material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a "hazardous substance" under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as "hazardous substances" pursuant to 33 U.S.C. § 1321; (c) defined as a "hazardous waste" under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*, as amended; (d) defined as a "hazardous substance" or "hazardous waste" under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, *et seq.*, or any so-called "superfund" or "superlien" law; (e) defined as a "pollutant" or "contaminant" under 42 U.S.C. §

9601(33); (f) defined as "hazardous waste" under 40 C.F.R. Part 260; (g) defined as a "hazardous chemical" under 29 C.F.R. Part 1910; (h) any matter within the definition of "hazardous substance" set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act ("TSCA") [15 U.S.C. Sections 2601, et seq.]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; (k) those substances listed in the United States Department of Transportation (DOT)Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor agency, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code; (n) any substance defined as a "hazardous substance" in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material. Notwithstanding the foregoing, "Hazardous Substances" shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.1.68. **Hazardous Substance Discharge**. Any deposit, discharge, generation, release, or spill of a Hazardous Substance that occurs at on, under, into or from the Property, or during transportation of any Hazardous Substance to or from the Property, or that arises at any time from the Construction, installation, use or operation of the Project or any activities conducted at on, under or from the Property, whether or not caused by a Party.

1.1.69. **HCD**. The State of California Department of Housing and Urban Development.

1.1.70. **HOME**. The HOME Investment Partnerships Program under the Cranston-Gonzalez National Housing Act of 1990 and 24 C.F.R. Part 92.

1.1.71. **HOME-ARP.** Section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) for the HOME program.

1.1.72. **HOME-ARP Notice**. Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program published on HUD's website.

1.1.73. **HOME-ARP Regulations**. The regulations set forth in 24 C.F.R. Part 92, as modified by the HOME-ARP Notice.

1.1.74. **HOME-ARP Loan**. A Residual Receipts loan of Five Hundred ~~Twenty-Nine~~Thirty One Thousand ~~Eight~~Five Hundred ~~Seventy-Five~~Ninety-One and Fifteen Hundredths Dollars ($~~529,875.00~~531,591.15) made by the City to Developer, which loan is made by the City to finance the Project's predevelopment, development and construction costs. Funds for the HOME-ARP Loan consist of HOME-ARP funds.

1.1.75. **HOME-ARP Note.** A Residual Receipts promissory note made by Developer in favor of the City in substantially the form of Exhibit "Q" attached to this Agreement evidencing the HOME-ARP Loan.

1.1.76. **HUD**. The United States Department of Housing and Urban Development.

1.1.77. **Indemnify.** Where this Agreement states that any Indemnitor shall "indemnify" any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). "**Indemnified**" shall have the correlative meaning.

1.1.78. **Indemnitee.** Any Person entitled to be Indemnified under the terms of this Agreement.

1.1.79. **Indemnitor.** A Party that agrees to Indemnify any other Person under the terms of this Agreement.

1.1.80. **Institutional Lender.** Any of the following: (a) a bank (State, Federal or foreign), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (State or Federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), Federal, State or local agency regularly making or guaranteeing mortgage loans, investment bank or a subsidiary of a Fortune 500 company; (b) the Federal Home Loan Mortgage Corporation (FHLMC), commonly known as Freddie Mac, a government-sponsored enterprise, CPC Mortgage Company LLC (as seller/servicer for Freddie Mac), and any special purpose entity, trust, or custodial or similar pooling arrangement in connection with a securitization by Freddie Mac or CPC Mortgage Company LLC; or (~~b~~c) any Person that is an Affiliate of or is a combination of any one or more of the Persons described in "(a)" and "(b)" of this Section.

1.1.81. **Insurance Documents**. Copies of insurance policies and endorsements evidencing all insurance coverage required to be obtained by Developer pursuant to Section 6.5.6.

1.1.82. **Land Loan**. A Residual Receipts loan from the Authority and the City to the Developer in an amount equal to the Purchase Price for the Property. The Land Loan is made by Authority and City to finance Developer's acquisition of the Property.

1.1.83. **Land Note**. A Residual Receipts promissory note made by Developer in favor of the Authority and the City in substantially the form of Exhibit "F" attached to this Agreement evidencing the Land Loan.

1.1.84. **Law**. Every law, ordinance, requirement, order, proclamation, directive, rule, and regulation of any Government applicable to the Property or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Property or the Project, or relating to any taxes, or otherwise relating to this Agreement or any Party's rights, obligations or remedies under this Agreement, or any Transfer of any of the foregoing, whether in force on the Effective Date or passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption, including, without limitation, HUD's Community Development Block Grant Regulations the HOME-ARP Notice and the HOME-ARP Regulations.

1.1.85. **Legal Costs**. In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses and consultant and expert witness fees and expenses.

1.1.86. **Lender**. The holder of any Security Instrument and its successors and assigns.

1.1.87. **Liability Insurance**. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars ($2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Property or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.1.88. **Lot Line Adjustment**. The lot line adjustment as described in Recital D.

1.1.89. **Monetary Default**. Any failure by any Party to pay or deposit, when and as this Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Agreement, whether to or with a Party or a Third Person.

1.1.90. **NEPA**. The National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321-4347), and its implementing regulations.

1.1.91. **Net Refinancing Proceeds**. The proceeds of any Refinancing net of the following:

(a) The amount of financing required to pay off all or a portion of an existing loan secured by a Permitted Security Instrument where the Lender providing the new loan will disburse loan proceeds to or on behalf of Developer exceeding the amount of principal and interest under the existing loan being paid; and

(b) The amount of any reasonable and customary fees and costs associated with obtaining such new loan that are actually paid by Developer and not rebated or refunded to Developer as documented to City's reasonable satisfaction.

1.1.92. **Non-Monetary Default**. The occurrence of any of the following, except to the extent constituting a Monetary Default or an Escrow Default: (a) any failure of a Party to perform any of its obligations under this Agreement; (b) any failure of a Party to comply with any material restriction or prohibition in this Agreement; or (c) any other event or circumstance that, with passage of time or giving of Notice, or both, or neither, would constitute a breach of this Agreement by a Party.

1.1.93. **Notice.** Any consent, demand, designation, election, notice, or request relating to this Agreement, including any Notice of Default. All Notices must be in writing.

1.1.94. **Notify**. To give a Notice.

1.1.95. **Notice of Agreement**. A notice of the applicability of this Agreement to the Property in substantially the form of Exhibit "I" attached to this Agreement to be recorded against the Property at the Close of Escrow.

1.1.96. **Notice of Completion**. The Notice described in and ascribed the same name in California Civil Code Section 8182.

1.1.97. **Notice of Default.** Any Notice claiming or giving Notice of a Default or alleged Default.

1.1.98. **OHDC**. Orange Housing Development Corporation, a California nonprofit public benefit corporation.

1.1.99. **Operating Expenses**.

(a) All customary and reasonable costs and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for Property Insurance and Liability Insurance; the normally amortized principal and interest payments due on mortgages that are Senior to Fee Deferral Note; the Land Note, and/or the Project Note, as applicable, utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services in an amount approved as part of the Annual Budget; payment of principal or interest on any indebtedness of Developer to any affiliate of Developer (individual or entity) or partner of Developer to repay completion and operating deficit loans relating to the Project in an amount approved as part of the Annual Budget; asset management fee payable to the limited partner of Developer and partnership management fee payable to Developer, which fees together shall not

exceed Thirty Thousand Dollars ($30,000) per year during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to two and one-half percent (2.5%) per year with any greater amount to be approved by the Authority in the Annual Budget; reasonable property management fees not to exceed Seventy Dollars ($70) per unit per month during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to three percent (3%) per year or greater amount as approved by the Authority in the Annual Budget; deferred Developer Fee in an amount in an amount approved as part of the Project Budget; amounts (approved by Authority or City, as applicable) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the Authority and/or the City, as applicable, for the Project (collectively, "Operating Expenses").

(b) Notwithstanding the generality of the foregoing, the following items shall not be considered Operating Expenses for purposes of computing Residual Receipts:

(i) Payment of any fees or expenses or of any portion of the Residual Receipts to Developer or any affiliate of Developer, except as specifically set forth in subsection (a) or otherwise herein;

(ii) Income taxes imposed upon Developer's income;

(iii) Payment of principal or interest on any indebtedness of Developer to any Lender, including any Affiliate of Developer (individual or entity) or partner of Developer, except as specifically approved by the Authority or the City, as applicable, in writing or otherwise set forth herein; and

(iv) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

1.1.100. **Parties**. Collectively, Authority, City and Developer.

1.1.101. **Party.** Individually, any of Authority, City or Developer, as applicable.

1.1.102. **Permanent Loan**. Any loan that the Developer shall obtain from an Institutional Lender, the proceeds of which are to be used and applied solely to pay: (1) the reasonable costs of obtaining such loan; (2) the then current outstanding principal and interest under Construction Financing; and (3) any reasonable and customary fees or charges of the Institutional Lender providing the Construction Financing relating to pay-off of the Construction Financing. The Permanent Loans are set forth in the Project Budget.

1.1.103. **Permitted Encumbrance**. Any Permitted Security Instrument, the TCAC Regulatory Agreement, the Regulatory Agreement, any agreement restricting occupancy and rents of the Project required by an Institutional Lender, the Notice of Agreement, the Deed of Trust, utility easements directly related to the Project, a bona fide Permanent Loan, a bona

fide Refinancing and any other document required or expressly allowed to be recorded against the Property by the express terms of this Agreement.

1.1.104. **Permitted Exceptions**. All of the following: (a) all items shown in Schedule B of the Preliminary Report, as exceptions to coverage under the proposed Title Policy, that are approved by Developer pursuant to Sections ~~2.5~~3.7.4 or 2.12; (b) any exceptions from coverage under the proposed Title Policy; (c) any lien for non-delinquent property taxes or assessments; (d) any Laws applicable to the Property; (e) this Agreement; (f) the Notice of Agreement; (g) the Regulatory Agreement; (h) the Deed of Trust; (i) any Permitted Security Instrument; (j) any existing improvements on the Property; (l) the TCAC Regulatory Agreement; (k) any agreement restricting occupancy and rents of the Project required by an Institutional Lender, (m) any encumbrance recorded against the Property with Developer's consent or as a result of the activities of Developer; and (n) any other document or encumbrance expressly required or allowed to be recorded against the Property or the Project under the terms of this Agreement.

1.1.105. **Permitted Lender**. The holder of any Permitted Security Instrument.

1.1.106. **Permitted Security Instrument**. Any Security ~~Interest~~Instrument: (a) that encumbers only the Property or any interest in the Property; (b) that is held by a Lender that is an Institutional Lender, subject to the jurisdiction of the courts of the State, not immune from suit and cannot elect to be immune from suit; and (c) only secures: (i) the repayment of money used to pay or reimburse the Total Project Costs; (ii) a bona fide Permanent Loan; (iii) a delivery assurance fee regarding a Permanent Loan that is refundable to Developer at the close of the Permanent Loan; ~~or~~ (iv) any Refinancing; (v) a bona fide Construction Loan, or (vi) acquisition financing in connection with the first transfer from a Permitted Lender (or its nominee) to a third party following a Foreclosure Event. Promptly after execution, Developer shall ~~promptly delivery~~deliver a copy of any Security ~~Interest~~Instrument to the Authority, with the Lender's name and notice address.

1.1.107. **Permitted Transfer**. Any of the following types of Transfer by Developer, which unless otherwise provided do not require the Authority's prior written approval and where, except for a Transfer described in subsections (a), (b), (c)**,** (d), (~~f~~e), (g), (h) and (i) below, the Person to which such Transfer is made expressly and unconditionally assumes in a written assignment and assumption agreement between such Person, Developer and Authority (on behalf of the Authority and the City) that is in a form reasonably acceptable to Authority (as evidenced by execution of such assignment and assumption agreement by the Authority Executive Director), all obligations of Developer under this Agreement:

(a) Any Transfer to an Institutional Lender that is not a Prohibited Transferee: (1) pursuant to a Permitted Security Instrument as collateral for bona fide Construction Financing to pay all or any part of the Total Project Costs; or (2) pursuant to a Permitted Security Instrument as collateral for a bona fide Permanent Loan~~.~~ and any refinancings thereof with a Permitted Security Instrument;

(b) The encumbrance of the Property by the recording of a Permitted Security Instrument;

~~(b)~~(c) Any Transfer directly resulting from ~~the~~a Foreclosure Event of a Permitted Security ~~Interest~~Instrument for a loan from an Institutional Lender to the Project or as otherwise permitted under Section 6.5.7~~.~~, including without limitation, the first Transfer of the Property following a Foreclosure Event from a Permitted Lender (or its nominee) to a third party so long as the third-party is not a Prohibited Transferee;

~~(c)~~(d) Any Transfer of stock or equity in the Party that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax; ~~and~~

~~(d)~~(e) The lease of residential units in the Project consistent with the Regulatory Agreement~~.~~;

~~(e)~~(f) The Transfer and sale of limited partnership interests in Developer while the Developer is in the form of a limited partnership~~.~~;

~~(f)~~(g) In the event that any general partner of the Developer, while the Developer is in the form of a limited partnership, is removed by the limited partner of such limited partnership for cause following default under the partnership agreement, the transfer of the general partner interest to a 501(c)(3) tax exempt nonprofit corporation selected by the limited partner and approved by the Authority, which approval shall not be withheld unreasonably, delayed or conditioned~~.~~;

~~(g)~~(h) The Transfer of the Project from Developer, while the Developer is in the form of a limited partnership, to one or more of the general partners of the Developer or affiliates the general partners of the Developer at the end of the tax credit compliance period for the Project; and

~~(h)~~(i) Any dilution of the general partner's interest in the Developer while the Developer is in the form of a limited partnership, in accordance with the Developer's limited partnership agreement.

1.1.108. **Person**. Any association, corporation, governmental entity or authority, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.

1.1.109. **Placed In Service Information**. All information required to be provided by Developer to TCAC pursuant to Title 4 California Code of Regulations Section 10322(i)(2), except such items that are not customarily provided, including the executed TCAC Regulatory Agreement.

1.1.110. **Preliminary Report**. A preliminary report issued by the Title Company for the Authority Property in contemplation of the issuance of the Title Policy, accompanied by the best available copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed Title Policy. The Parties acknowledge that the Title Company may prepare one (1) or more Preliminary Reports for each parcel, or group of parcels, comprising the Authority Property. In such case, all reports, notices, and objection letters that pertain to the Preliminary Report for the entirety of the Authority Property shall apply separately to each Preliminary Report associated with a parcel or a group of parcels.

1.1.111. **Prevailing Wage Action**. Any of the following: (a) any determination by the State Department of Industrial Relations that prevailing wage rates should have been paid, but were not, (b) any determination by the State Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid, (c) any administrative or legal action or proceeding arising from any failure to comply with any of California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including maintaining certified payroll records pursuant to California Labor Code Section 1776, or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity, including pursuant to California Labor Code Section 1781.

1.1.112. **Prohibited Encumbrance**. Any mortgage, lien, deed of trust, security instrument, mechanic's lien, easement or other encumbrance recorded or asserted against the Property or the Project that is not a Permitted Encumbrance.

1.1.113. **Prohibited Transferee**. Any Person with whom Authority is in litigation, any Person that Authority reasonably determines has any connection with any terrorist organization, any Person entitled to claim diplomatic immunity, any domestic or foreign governmental entity, except as reasonably approved by Authority, any Person that is immune or may elect to be immune from suit under State or Federal law, or any other Person that Authority reasonably disapproves.

1.1.114. **Project**. The development to be constructed, operated and maintained on the Property by Developer and specifically described in the Project Scope of Development, the Project Plans and Specifications and the Approvals for the Project.

1.1.115. **Project Budget**. The Total Project Costs, anticipated sources of funds, and uses for each source of funds necessary to pay the Total Project Costs as set forth in Exhibit "P" attached to this Agreement.

1.1.116. **Project Commencement Date**. The date that Developer is required to commence construction as set forth in the written notice from TCAC of the reservation of the Tax Credits for the Project.

1.1.117. **Project Completion Date**. The date that is thirty (30) months following the Project Commencement Date.

1.1.118. **Project Loan**. A Residual Receipts loan of Seven Million Five Hundred Thirty-Five Thousand Two Hundred Eighty Dollars ($7,535,280.00,) made by the Authority to Developer, which loan is made by the Authority to finance the Project's predevelopment, development and construction costs. Funds for the Project Loan consist of funds from the Authority's low and moderate income housing asset fund.

1.1.119. **Project Note**. A Residual Receipts promissory note made by Developer in favor of Authority in substantially the form of Exhibit "L" attached to this Agreement evidencing the Project Loan.

1.1.120. **Project Plans and Specifications**. Plans and specifications for the Project, prepared by Developer's architect, that have received all necessary Approvals regarding Construction of the Project, submitted in both hard copy and such machine-readable format as is then customary in the architectural profession in the State, using naming conventions and other criteria reasonably approved or required by City, consisting of architectural plans; elevations and section indicating principal areas, core design and location; location, number, and capacity of elevators; basic structural system; minimum estimated electrical capacity and distribution system; general type of plumbing system; façade, placement, and orientation; gross and rentable square foot analysis; and principal types of HVAC systems.

1.1.121. **Project Scope of Development**. The development project generally described in Exhibit "H" attached to this Agreement.

1.1.122. **Property**. The Property includes the approximate four (4) acre portion of the Authority Property generally depicted on the Site Plan attached as Exhibit "B" as the Family Apartment Parcel. The exact legal description and acreage of the Family Apartment Parcel portion of the Property will be determined through the Lot Line Adjustment. The Property also includes the ~~Recreational~~Recreation Parcel.

1.1.123. **Property Information**. Any and all studies and reports prepared by or on behalf of Developer regarding the physical condition of or title to the Property, including, without limitation, soils reports, geotechnical reports and surveys (not to include architectural plans and specifications, proprietary information, internal communications, feasibility studies, financial analyses, proformas, tax returns or any attorney-client privileged communications).

1.1.124. **Property Insurance**. Insurance providing coverage for the Property and all improvements against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with "ordinance or law" coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an "increased cost of construction" endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business

interruption insurance in an amount, at least, equal to the average annual Gross Income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.1.125. **Punchlist Work.** Construction, of an insubstantial nature, that if not completed, will not delay issuance of a final Certificate of Occupancy (or equivalent approval) for the Project by the Authority or the applicable portion thereof or materially interfere with use of the Project, as determined by the City Building Official in her or his sole discretion.

1.1.126. **Purchase Price**. The Purchase Price for the Property shall be Four Million Thirty Thousand Dollars ($~~4,000,000~~4,030,000) or the fair market value of the Property as determined in the Appraisal obtained pursuant to Section 2.3.1, whichever amount is greater.

1.1.127. **Record, recorded, recording or recordation**. Recordation of the referenced document in the official records of the County.

1.1.128. **Recreation Parce**l. The real property located directly across Buena Vista Avenue and adjacent to the Citrus Circle Community, described as Parcel 2 on the legal description attached as "Exhibit “A" to this Agreement and depicted on the Site Plan attached as "Exhibit “B" to this Agreement.

1.1.129. **Refinancing**. Any loan secured by a Permitted Security Instrument that the Developer obtains from an Institutional Lender subsequent to recordation of the Permanent Loan for any of the following purposes: (1) to pay off all or a portion of an existing loan secured by a Permitted Security Instrument where the Lender providing the new loan will disburse loan proceeds to or on behalf of Developer exceeding the amount of principal and interest under the existing loan being paid plus the amount of any reasonable and customary fees and costs associated with obtaining such new loan that are actually paid by Developer and not rebated or refunded to Developer, the aggregate amount of such fees and costs not to exceed three percent (3%) of the original principal amount of the new loan; (2) disbursing funds to or on behalf of Developer without paying off any existing loan secured by a Permitted Security Instrument; or (3) any loan extension, modification or equivalent regarding an existing loan to Developer secured by a Permitted Security Instrument that results in the Lender of the existing loan disbursing additional loan proceeds to or on behalf of Developer in excess of the original principal amount of the loan.

1.1.130. **Regulatory Agreement**. A Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting the Use of Property for Affordable Housing (Corona Second Street Family Apartments) in substantially the form of Exhibit "E" attached to this Agreement, which shall be recorded against the Property in its entirety.

1.1.131. **Remainder Property**. An approximate one (1) acre portion of the Authority Property generally depicted on the Site Plan attached as Exhibit "B" as the Remainder Parcel. The exact legal description and acreage of the Remainder Property will be determined through the Lot Line Adjustment**.**

1.1.132. **Residual Receipts**. The sum of money computed as Gross Revenue less Operating Expenses.

1.1.133. **Resyndication**. The application for and obtaining by Developer or any successor or assign of Developer of a new allocation of Tax Credits, excluding the reservation of Tax Credits obtained pursuant to Section 6.1.1.

1.1.134. **Schedule of Performance**. The schedule for the performance of certain actions by Authority and Developer pursuant to this Agreement, attached to this Agreement as Exhibit "N".

1.1.135. **Security Instrument**. Any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Property, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.1.136. **Senior**. Referring to multiple Security Instruments, the Security Instrument that is most senior in lien of the same type. Where Senior is used as a comparative term as against any specified Security Instrument, such term refers to any Security Instrument of the same type that is senior in lien to such specified Security Instrument. If only one Security Instrument of a particular type exists, then it shall be deemed the Senior Security Instrument of such type.

1.1.137. **Senior Loan**. As defined in Section 2.3.4.

1.1.138. **State**. The State of California.

1.1.139. **Supplement Notice**. A Notice from Developer to both Authority and the Escrow Agent indicating Developer's objection to any exception to the title of the Property set forth in a supplement to the Preliminary Report, describing in suitable detail the actions that Developer reasonably believes are necessary to obtain Developer's approval of the state of the title of the Property.

1.1.140. **Supplement Notice Response**. A Notice from Authority in response to a Supplement Notice, in which Authority elects to either: (a) cause the removal from the Preliminary Report of any matter disapproved in such Supplement Notice in a manner reasonably satisfactory to Developer; (b) obtain title or other insurance in a form reasonably

satisfactory to Developer insuring against the effects of any matters disapproved or conditionally approved in such Supplement Notice (Authority shall not enter into any indemnity arrangement with the Title Company regarding any matter disapproved or conditionally approved by Developer, without Developer's prior written consent); (c) otherwise satisfy Developer regarding any matter disapproved or conditionally approved in such Supplement Notice; or (d) not take any action described in either "(a)," "(b)" or "(c)" of this Section 1.1.140.

1.1.141. **Supplement Notice Waiver**. A Notice from Developer to both Authority and the Escrow Agent waiving Developer's previous disapproval or conditional approval of any matter in a Supplement Notice that Authority has not agreed to address to Developer's reasonable satisfaction in a Supplemental Notice Response.

1.1.142. **Tax Credits**. An allocation from TCAC of four percent (4%) or nine percent (9%) federal low income housing tax credits or of state low income housing tax credits to finance a portion of the Total Project Costs, all in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, the applicable provisions of the California Taxation and Revenue Code, all associated Internal Revenue Service regulations and all associated TCAC regulations.

1.1.143. **Tax Credit Equity**. The equity investment toward the cost of Construction of the Project contributed to the Developer (when in the form of a limited partnership) by the Tax Credit Investor, in the amount set forth in the Project Budget.

1.1.144. **Tax Credit Investor**. The limited partner in Developer (when in the form of a limited partnership) that provides the Tax Credit Equity for the Construction of the Project.

1.1.145. **Tax Credits Rules**. Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, et seq., as applicable, as the foregoing may be amended from time to time, and the rules and regulations implementing the foregoing.

1.1.146. **TCAC**. The California Tax Credit Allocation Committee or successor in function.

1.1.147. **TCAC Regulatory Agreement**. The regulatory agreement required to be recorded against the Property by TCAC to obtain the Tax Credits.

1.1.148. **Third Person**. Any Person that is not a Party, an Affiliate of a Party or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.1.149. **Title Company**. ~~Chicago Title Insurance Company~~Commonwealth Land Title, National Commercial Services, or such other title insurance company mutually agreed upon in writing between Authority and Developer.

1.1.150. **Title Notice**. A Notice from Developer to both Authority and the Escrow Agent indicating Developer's objection to any exception to the title of the Property set forth in the Preliminary Report and describing in suitable detail the actions that Developer reasonably believes are necessary to obtain Developer's approval of the state of the title of the Property.

1.1.151. **Title Notice Response**. A Notice from Authority in response to the Title Notice, in which Authority elects to either: (a) cause the removal from the Preliminary Report of any matter disapproved in such Title Notice in a manner reasonably satisfactory to Developer; (b) obtain title or other insurance in a form reasonably satisfactory to Developer insuring against the effects of any matters disapproved or conditionally approved in such Title Notice (Authority shall not enter into any indemnity arrangement with the Title Company regarding any matter disapproved or conditionally approved by Developer, without Developer's prior written consent); (c) otherwise satisfy Developer regarding any matter disapproved or conditionally approved in such Title Notice; or (d) not take any action described in either "(a)," "(b)" or "(c)" of this Section 1.1.151.

1.1.152. **Title Notice Waiver**. A Notice from Developer to both Authority and the Escrow Agent waiving Developer's previous disapproval or conditional approval of any matter in the Title Notice that Authority has not agreed to address to Developer's reasonable satisfaction in the Title Notice Response.

1.1.153. **Title Policy**. An extended coverage (ALTA) owner's policy of title insurance issued by the Title Company, with coverage in the amount of the Purchase Price and insuring fee title to the Property vested in Developer, subject to the Permitted Exceptions.

1.1.154. **Total Project Costs**. All of the costs set forth in the Project Budget.

1.1.155. **Transfer**. Regarding any property, right or obligation means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect: (a) any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance); (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect Equity Interest(s) in the owner of such property, right or obligation by the holders of such Equity Interest(s); (c) any transaction described in "b" affecting any Equity Interest(s) or any other interest in such property, right or obligation or in any such owner (or in any other direct or indirect owner at any higher tier of ownership) through any manner or means whatsoever; or (d) any transaction that is in substance equivalent to any of the foregoing. A transaction affecting Equity Interests, as referred to in clauses "b" through "d," shall be deemed a Transfer by the Developer even though the Developer is not technically the transferor. A "Transfer" shall not, however, include any of the following (provided that the other Party has received Notice of such occurrence) relating to the Property and/or any Equity Interest: (i) a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under federal income tax law and the State real estate transfer

tax; (ii) a conveyance only to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit; (iii) a conveyance only to any Person that, as of the Effective Date, holds an Equity Interest in the entity whose Equity Interest is being transferred; (iv) the original sale of Equity Interests in Developer; or (v) a conveyance only to an Affiliate of Developer.

1.1.156. **Usury Limit**. The highest rate of interest, if any, that Law allows under the circumstances.

1.1.157. **Waiver of Subrogation**. A provision in, or endorsement to, any insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against a Party to this Agreement for any loss such policy covers.

1.1.158. **Workers Compensation Insurance**. Workers compensation insurance complying with the provisions of State law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars ($1,000,000) per accident for bodily injury or disease, covering all employees of Developer, if any.

## 2. CONVEYANCE OF PROPERTY

2.1 Lot Line Adjustment.

The Parties agree and acknowledge that the Developer shall commence and complete the process for the Lot Line Adjustment for the Authority Property prior to the Close of Escrow. The Authority shall cooperate and use reasonable good faith efforts to assist the Developer in the Lot Line Adjustment process, including without limitation, signing applications as the owner of the Authority Property as needed.

2.2 Escrow.

Authority shall sell the Property to Developer and Developer shall purchase the Property from Authority, pursuant to the terms and conditions of this Agreement. For the purposes of exchanging funds and documents for Authority to sell the Property to Developer and Developer to purchase the Property from Authority, Authority and Developer agree to open the Escrow with the Escrow Agent. The provisions of Section 3.7.4 of this Agreement are the joint escrow instructions of the Parties to the Escrow Agent for conducting the Escrow. If requested by the Escrow Agent, Developer and Authority shall execute the General Escrow Instructions. In the event of any conflict between the provisions of this Agreement and the General Escrow Instructions, the provisions of this Agreement shall be controlling.

2.3 Determination of and Payment of Purchase Price.

2.3.1. Appraisal. Prior to the Close of Escrow, the Developer shall submit to the Authority Executive Director an appraisal for the Property, prepared in accordance with TCAC and/or CDLAC standards to determine the final Purchase Price for the Property (the "**Appraisal**"). Upon receipt by the Authority Executive Director of the Appraisal, the Authority Executive Director shall promptly review and either approve or disapprove of such Appraisal

within ten (10) days. The Authority Executive Director shall not disapprove any Appraisal that is consistent with the applicable CDLAC and TCAC requirements. Failure of the Authority Executive Director to respond within such ten (10) day period set forth above shall be deemed approval by the Authority Executive Director. If the proposed Appraisal is not approved by the Authority Executive Director, the Authority Executive Director shall set forth in writing and notify the Developer of the Authority's reasons for withholding such approval. The Developer shall thereafter submit a revised Appraisal for Authority Executive Director approval, which approval shall be granted or denied in ten (10) days in accordance with the criteria and procedures set forth above. Failure of the Authority Executive Director to respond within the ten (10) day period set forth above shall be deemed approval by the Authority Executive Director. The fair market value for the Property set forth in the Appraisal, approved or deemed approved by the Authority Executive Director, shall be the Purchase Price for the Property so long as it exceeds the sum of Four Million Dollars ($4,000,000), in which event, the Land Loan and the Land Note shall be updated accordingly, and the Authority Executive Director shall be authorized to execute the updated Land Note without the necessity of any further action or approval.

2.3.2. Land Note and Deed of Trust. The Developer shall pay the Purchase Price by depositing the Land Note and the Deed of Trust into the Escrow, at least one (1) business day preceding the Escrow Closing Date.

2.3.3. Non-Recourse. The Developer shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Land Note, the HOME-ARP Note, the Project Note or the Fee Deferral Note or the performance of the covenants of the Developer under the Deed of Trust. The sole recourse of the Authority and the City with respect to the principal of, or interest on, the Land Note, the Fee Deferral Note, the HOME-ARP Note, or the Project Note and defaults by Developer in the performance of its covenants under the Deed of Trust shall be to the Property, as described in the Deed of Trust.

2.3.4. Subordination. The Deed of Trust may be subordinated to other loans from Institutional Lenders (in each case, a "**Senior Loan**"), but only on condition that all of the proceeds of the proposed Senior Loan, less any transaction costs, must be used to provide financing for the Project. The Regulatory Agreement may be subordinated to a Senior Loan provided that Senior Lender agrees to permit affordability and rent restrictions that are determined to be consistent with the restrictions in the TCAC Regulatory Agreement or are determined to be commercially reasonable by the Authority Executive Director after consultation with the Authority General Counsel. The affordability provisions of the Regulatory Agreement that are determined to be consistent with the restrictions in the TCAC Regulatory Agreement or are determined to be commercially reasonable by the Authority Executive Director after consultation with the Authority General Counsel shall not be subordinated to a Senior Loan provided that the provisions in Section 7.1.1 of the Regulatory Agreement shall apply. Upon a determination by the Authority Executive Director that the conditions in this Section have been reasonably satisfied, the Authority Executive Director or his/her designee on behalf of the Authority and the City Manager or his/her designee on behalf of the City will be authorized to execute the approved subordination agreement without the necessity of any further action or approval.

2.4 Eminent Domain.

If any portion of the Property or any interest in any portion of the Property, becomes the subject of any eminent domain proceeding prior to Close of Escrow, other than such a proceeding by the Authority or the City, including the filing of any notice of intended condemnation or proceedings in the nature of eminent domain commenced by any Government, the Authority shall immediately give the Developer Notice of such occurrence, and the Developer shall have the option, exercisable within ten (10) Business Days after receipt of such Notice from the Authority, to either: (1) cancel the Escrow and terminate this Agreement and the Escrow, in which case the Parties and the Escrow Agent shall proceed in accordance with Section 3.11; or (2) continue with this Agreement in accordance with its terms, in which event the Authority shall assign to the Developer any right of the Authority to receive any condemnation award attributable to the Property.

2.5 Developer's Approval of Title to Property.

2.5.1. Title Notice. Within fifteen (15) days after the Escrow Opening Date, Authority shall request the Preliminary Report from the Title Company and that the Title Company deliver a copy of the Preliminary Report to the Developer. Within fifteen (15) days following the Developer's receipt of the Preliminary Report, the Developer shall send the Title Notice to both Authority and the Escrow Agent.

2.5.2. Failure to Deliver Title Notice. If the Developer fails to send the Title Notice to Authority and the Escrow Agent, within the time period provided in Section 3.7.4 the Developer will be deemed to approve the status of title to the Property.

2.5.3. Title Notice Response. Within fifteen (15) days following the Authority's receipt of the Title Notice (if any), Authority shall send the Title Notice Response to both the Developer and the Escrow Agent. If the Title Notice does not disapprove or conditionally approve any matter in the Preliminary Report or the Developer fails to deliver the Title Notice, Authority shall not be required to send the Title Notice Response. If Authority does not send the Title Notice Response, if necessary, within the time period provided in this Section 3.7.4, Authority shall be deemed to elect not to take any action in reference to the Title Notice. If Authority elects in the Title Notice Response to take any action in reference to the Title Notice, Authority shall complete such action, prior to the Escrow Closing Date or as otherwise specified in the Title Notice Response.

2.5.4. Title Notice Waiver. If Authority elects or is deemed to have elected not to address one or more matters set forth in the Title Notice to the Developer's reasonable satisfaction, then within ten (10) days after the earlier of: (i) the Developer's receipt of the Authority's Title Notice Response or (ii) the last date for the Authority to deliver its Title Notice Response, the Developer shall either: (a) refuse to accept the title to and conveyance of the Property, or (b) waive its disapproval or conditional approval of all such matters set forth in the Title Notice by sending the Title Notice Waiver to both Authority and the Escrow Agent. Failure by the Developer to timely send the Title Notice Waiver, where the Title Notice Response or Authority's failure to deliver the Title Notice Response results in Authority's election not to address one or more matters set forth in the Title Notice to the Developer's

reasonable satisfaction, will be deemed the Developer's continued refusal to accept the title to and conveyance of the Property, in which case each of the Developer and Authority shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) days' Notice, in its sole and absolute discretion.

2.5.5. Disapproval of Encumbrances Securing Authority Obligations. Notwithstanding any other provision of this Agreement, the Developer disapproves any and all encumbrances against the Property securing monetary (other than non-delinquent property taxes) or performance obligations of Authority, or related to lease revenue bonds. All such encumbrances shall be removed from the Property by Authority, prior to the Close of Escrow, at its sole cost and expense.

2.5.6. No Termination Liability. Any termination of this Agreement and cancellation of the Escrow pursuant to this Section 3.7.4 shall be without liability to the other Parties or any other Person, and shall be accomplished by delivery of a Notice of termination to the other Parties and the Escrow Agent at least seven (7) days prior to the termination date, in which case the Parties and the Escrow Agent shall proceed pursuant to Section 3.11. Once a Notice of termination is given pursuant to this Section 3.7.4, delivery of a Title Notice or Title Notice Waiver shall have no force or effect and this Agreement shall terminate in accordance with the Notice of termination.

2.6 Delivery of Property Free of Occupants.

At the Close of Escrow, Authority will deliver possession of the Property to Developer free and clear of any contractual rights created by or with the consent of Authority for any Person (other than Developer) to use or occupy the Property.

2.7 Acceptance of Property "AS-IS".

Except to the extent of any express representations and warranties of Authority specifically set forth in this Agreement (if any) the Close of Escrow shall evidence Developer's unconditional and irrevocable acceptance of the Property in the Property's AS IS, WHERE IS, SUBJECT TO ALL FAULTS CONDITION, WITHOUT WARRANTY AS TO QUALITY, CHARACTER, PERFORMANCE OR CONDITION, including any warranty as to title, physical condition, soil conditions, the presence or absence of fill, subsurface support, zoning, land use restrictions, the availability or location of utilities or services, the location of any public infrastructure on or off of the Property (active, inactive or abandoned), the suitability of the Property for the Project or other use or the existence or absence of Hazardous Substances (excepting any Hazardous Substance Discharge by Authority) and with full knowledge of the physical condition of the Property, the nature of Authority's interest in and use of the Property, all Laws applicable to the Property, the Permitted Exceptions and any and all conditions, covenants, restrictions, encumbrances and all matters of record relating to the Property. Developer represents and warrants to Authority that: (a) Developer has had ample opportunity to inspect and evaluate the Property and the feasibility of the uses and activities Developer is entitled to conduct on the Property in accordance with this Agreement; (b) Developer is experienced in real estate development; (c) Developer is relying entirely on Developer's experience, expertise and its own inspection of the Property in its current state in proceeding

with acquisition of the Property; (d) Developer accepts the Property in its present condition; and (e) to the extent that Developer's own expertise with respect to any matter regarding the Property is insufficient to enable Developer to reach an informed conclusion regarding such matter, Developer has engaged the services of Persons qualified to advise Developer with respect to such matters. The Close of Escrow shall constitute Developer's representation and warranty to Authority that Developer has received assurances acceptable to Developer by means independent of Authority Parties or City Parties of the truth of all facts material to Developer's acquisition of the Property pursuant to this Agreement and that the Property is being acquired by Developer as a result of its own knowledge, inspection and investigation of the Property and not as a result of any representation made by any Authority Party or City Party relating to the condition of the Property, unless such statement or representation is expressly and specifically set forth in this Agreement. Except to the extent of any express representations and warranties of Authority specifically set forth in this Agreement (if any), Authority and City hereby expressly and specifically disclaims any express or implied warranties regarding the Property.

2.8 Assignment of Property Information and Approvals**.**

If for any reason this Agreement is terminated, except as a direct result of an Authority Event of Default, without Developer acquiring the Property, Developer shall deliver or cause to be delivered to Authority, within twenty (20) days after Authority's written request and at no cost to Authority, all Property Information and documentation of all Approvals, subject to any unwaived restrictions set forth in any agreement between Developer and any Third Person regarding preparation of such Property Information or documentation by such Third Person, notwithstanding Developer's reasonable efforts to obtain a waiver of such restrictions. On such a request, the Property Information and all Approvals shall be deemed assigned to Authority, without the execution of any additional documents, upon a termination of this Agreement without Developer acquiring the Property. Developer shall, if requested by Authority, execute such other documents as Authority reasonably requests, to further document the assignment of the Property Information and all Approvals to Authority. Developer represents and warrants to Authority that it has the right, power and Authority to make the assignments set forth in this Section 2.8. Developer shall deliver the Property Information to Authority, pursuant to this Section 2.8, without representation or warranty of any kind. Developer shall take such actions and make such payments as may be necessary to preclude any Claim against Authority or the Property for any amounts owing by Developer regarding the Property Information. Developer shall Indemnify the Authority Parties against all Claims arising from any actual or alleged failure of Developer to pay any amount regarding any Property Information.

2.9 Developer to Obtain all Approvals for the Project.

2.9.1. Submission of Development Application. Developer shall exercise reasonable efforts to prepare and submit all required Applications, including without limitation the application for the Lot Line Adjustment, documents, fees, charges or other items (including, without limitation, deposits, funds or sureties in the ordinary course) required for the Construction of the Project, pursuant to all applicable Laws and Approvals, to each necessary Government for review and approval. Further, Developer shall exercise reasonable efforts to obtain all Approvals for the Construction of the Project on the Property from each Government,

prior to the Project Commencement Date. Prior to commencement of any part of the Construction of the Project, Developer shall obtain all Approvals from each Government required for the Construction of the Project. The City's zoning, building and land use regulations (whether contained in ordinances, the City's municipal code, conditions of approval or elsewhere), including Section 13.14.080(G) of the Corona Municipal Code, which permits affordable housing developments meeting certain conditions to be served by one master water meter, shall be applicable to the Construction of the Project on the Property by Developer. Developer acknowledges that the Project Plans and Specifications and any changes to the Project Plans or Specifications shall be subject to all applicable Laws and Approvals.

2.9.2. Reservations. The approval of this Agreement by the Authority and the City shall not be binding on the City Council, the Planning and Housing Commission, or any other commission, committee, board or body of the City regarding any Approvals of the Project required by such bodies. No action by the Authority or the City with reference to this Agreement or any related documents shall be deemed to constitute issuance or waiver of any required City Approval regarding the Property, the Project or Developer. The Parties acknowledge and agree that this Agreement is not a statutory development agreement pursuant to Government Code Sections 65864, et seq.

2.10 Environmental Review.

The Developer acknowledges that the obligations to convey the Property and to fund the Land Loan, the Fee Deferral Loan, the HOME-ARP Loan, and the Project Loan under this Agreement is conditioned on the completion of the environmental review process under NEPA and CEQA. The obligation to convey the Property or to fund the Land Loan, the Fee Deferral Loan, the HOME-ARP Loan or the Project Loan to Developer following completion of the environmental review process is within the sole, complete, unfettered, and absolute discretion of the Authority without limitation by or consideration of the terms of this Agreement; and the Authority makes no representation regarding the ability or willingness of the Authority to convey the Property or provide the Land Loan, the Fee Deferral Loan, the HOME-ARP Loan or the Project Loan at the conclusion of the environmental review process required by NEPA and CEQA, or regarding the imposition of any mitigation measures as conditions of any approval that may be granted. The Developer recognizes that, as a result of the environmental review process, the Authority has the absolute discretion and right to terminate this Agreement, and no cost shall be incurred by the Authority as a result of such termination.

2.11 Project Marketing Plan.

At least forty-five (45) calendar days prior to the Close of Escrow, Developer shall submit to Authority an affirmative fair housing marketing plan for the Project with procedures as specified in the Affirmative Fair Housing Marketing Plan Compliance Regulations of HUD (codified as 24 CFR Part 200.620(a)-(c)) and consistent with 24 C.F.R. 92.351(a) and 24 C.F.R. 92.253, or a similar affirmative fair marketing housing plan approved by Authority. Within ten (10) calendar days after Authority receives such marketing plan submitted by Developer, Authority shall approve or disapprove such marketing plan. Authority's failure to approve such

marketing plan within the specified ten (10) calendar day period, shall constitute Authority's disapproval of such marketing plan.

2.12 Authority Not to Encumber.

Authority agrees not to place any matters of record against the Property (other than Permitted Exceptions, the Lot Line Adjustment, and any matters arising from Authority's issuance or exercise of any remedy related to any Approval for the Project), prior to the Close of Escrow, without the prior written consent of Developer.

2.13 Preliminary Report Supplements.

If at any time following the Effective Date, the Title Company issues a supplement to the Preliminary Report, then any exceptions to the title to the Property set forth in the supplement and not previously shown as an exception to the coverage under the Title Policy shall be Permitted Exceptions, unless Developer delivers a Supplement Notice to Authority within twenty (20) calendar days following the date of the supplement. Authority shall have twenty (20) calendar days following receipt of a Supplement Notice to elect to deliver a Supplement Notice Response. If Authority elects in a Supplement Notice Response to cause the removal of any matter objected to in a Supplement Notice from the Preliminary Report or its effect to be insured against, Authority shall cause the removal of each such objectionable matter from the Preliminary Report or a commitment to issue such insurance to be issued by an appropriate insurance carrier, prior to the Close of Escrow, all to the reasonable satisfaction of Developer. If Authority is unwilling or unable to cause the removal of any one or more matters objected to in a Supplement Notice from the Preliminary Report or its effect to be insured against, all to the reasonable satisfaction of Developer, then, within ten (10) days following the earlier of: (a) Developer's receipt of the Supplement Notice Response or (b) passage of the time for Authority to deliver a Supplement Notice Response, Developer may either: (1) refuse to accept the title to and conveyance of the Property, in which case either Developer or Authority shall have the right to cancel the Escrow and terminate this Agreement, in its sole and absolute discretion, without liability to the other Parties or any other Person, by delivery of a Notice of termination to the other Parties and the Escrow Agent, or (2) Developer may waive its objection to any items set forth in a Supplement Notice by delivering a Supplement Notice Waiver to both Authority and the Escrow Agent. Failure by Developer to deliver a Supplement Notice Waiver, where a Supplement Notice Response or Authority's failure to deliver a Supplement Notice Response indicates Authority's election not to cause the removal of any matter objected to in a Supplement Notice from the Preliminary Report or to insure against its effect, within ten (10) days following Developer's receipt of such Supplement Notice Response or expiration of the time period for Authority to deliver such Supplement Notice Response under this Agreement, will be deemed Developer's disapproval of the title to and refusal to accept conveyance of the Property and both the Developer and Authority shall have the right to cancel Escrow and terminate this Agreement upon seven (7) days' Notice, in its sole and absolute discretion.

2.14 Right of Entry.

Prior to or upon the Close of Escrow, the Authority shall, to the extent that it still owns the Remainder Property, provide the Developer and its authorized employees, representatives, agents and contractors, permission and a license to enter the Remainder Property for construction staging and for grading and installation of utilities that serve any portion of the Authority Property as set forth in City-approved plans. Prior to Developer or its authorized employees, representatives, agents and contractors entering upon the Remainder Property, Developer shall (i) give the Authority forty-eight (48) hours prior notice of such entry, and (ii) provide satisfactory evidence to the Authority that Developer, or its agents or contractors, have obtained commercial general liability insurance with limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate; workers compensation insurance in statutory limits and employers liability insurance with limits not less than $1,000,000 each limit; and umbrella excess liability

insurance excess of the underlying commercial general liability and employers liability insurance with limits not less than $5,000,000 each occurrence and aggregate. Such liability insurance shall include or be endorsed (amended) to state that: (1) Developer, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured; and (2) the insurance coverage shall be primary insurance as respects Developer, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage. Such liability insurance policy shall be placed with an insurer with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the City. Developer shall defend, indemnify and hold the Authority and the Authority Parties free and harmless from and against any and all claims, damages and liabilities related to Developer's or Developer's employees, representatives, agents and contractors' activities on the Remainder Property under this Section 2.14 (except for the discovery of Hazardous Substances on the Remainder Property which Developer or the Developer Parties did not cause to be located on the Remainder Property or except if related to the gross negligence or misconduct of the Authority or the Authority Parties). The indemnity obligations of Developer under this Section 2.14 shall survive the Closing or termination of this Agreement.

## 3. JOINT ESCROW INSTRUCTIONS

3.1. Opening of Escrow.

Authority, City and Developer shall cause the Escrow to be opened within five (5) days following the Effective Date by delivering a copy of this Agreement signed by all of the Parties to the Escrow Agent. The Escrow Agent shall promptly confirm the Escrow Opening Date in writing to each of the Parties, with a copy of the Escrow Agent Consent signed by the authorized representative(s) of the Escrow Agent. The provisions of this Section 3.7.4 are the joint escrow instructions of Authority, City and Developer to the Escrow Agent for conducting the Escrow.

3.2. Escrow Agent Authority.

Authority, City and Developer authorize the Escrow Agent to:

3.2.1. Charges. Pay and charge Developer for the applicable fees, taxes, charges and costs regarding the Escrow;

3.2.2. Settlement/Closing Statements. Release each Party's Escrow settlement/closing statement to the other Parties;

3.2.3. Document Recording. File any documents delivered for recording through the Escrow with the office of the Recorder of the County for recordation in the official records of the County, pursuant to the joint instructions of the Parties; and

3.2.4. Counterpart Documents. Utilize documents that have been signed by Authority, City and Developer in counterparts, including attaching separate signature pages to one version of the same document.

3.3. Developer's Conditions to Close of Escrow.

Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Developer, Developer's obligation to purchase the Property from Authority on the Escrow Closing Date shall be subject to the satisfaction or waiver of each of the following conditions precedent, each of which can only be waived in writing by Developer:

3.3.1. Title Policy. The Title Company is, upon payment of the Title Company's premium for the Title Policy, irrevocably and unconditionally committed to issue the Title Policy to Developer, at the Close of Escrow;

3.3.2. Approvals. Final issuance of all discretionary Approvals required from any Government for the Construction of the Project on the Property, on terms and conditions reasonably acceptable to Developer;

3.3.3. Environmental Documents. Final adoption, approval or certification of the Environmental Documents;

3.3.4. Tax-Exempt Bonds and Tax Credits. Developer receives the Tax Credits reservation for the Project from TCAC and, if applicable, the allocation of tax-exempt bonds for the Project from CDLAC.

3.3.5. Authority and City Escrow Deposits. Authority and City deposit all of the items into the Escrow required by Section 3.7.4;

3.3.6. Settlement/Closing Statement. Developer approves the Escrow Agent's estimated Escrow closing/settlement statement;

3.3.7. Authority Pre-Closing Obligations. Authority performs all of its material obligations required to be performed by Authority under this Agreement prior to the Close of Escrow.

3.3.8. Lot Line Adjustment. The Lot Line Adjustment has been approved by all applicable Governments and has been recorded on the Authority Property in the official records of the County.

3.3.9 General Plan Consistency Determination. The Planning and Housing Commission for the City of Corona shall have determined that the City's disposition of fee title to the Property pursuant to this Agreement is consistent with the City of Corona General Plan pursuant to Government Code Section 65402.

3.3.10 HCD Confirmation. Authority shall have confirmed in writing that the California Department of Housing and Community Development ("HCD") has accepted Authority's declaration of the Authority Property as "exempt surplus property" under the Surplus Land Act (California Government Code section 54220 *et seq*.).

3.4. Authority's Conditions to Close of Escrow.

Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Authority, Authority's obligation to sell the Property to Developer on or before the Escrow Closing Date shall be subject to the satisfaction or waiver of each of the following conditions precedent, each of which can only be waived in writing by Authority:

3.4.1. Document Approval. Authority has received from Developer and approved (which approval shall not be unreasonably conditioned or delayed) all of the following described items in Authority's reasonable discretion, unless another provision of this Agreement provides for approval of such document in the Authority's sole and absolute discretion, in which case the Authority shall have approved the document in the Authority's sole and absolute discretion. Except as otherwise expressly provided in this Agreement, by the date set for commencement of construction as set forth in the written confirmation from TCAC to Developer of the reservation of the Tax Credits for the Project, Developer shall deliver all of the documents listed in this Section 3.7.4 in substantially final form; provided, however, Developer shall use commercially reasonable efforts to provide final versions of such documents to Authority at least seven (7) calendar days before the Close of Escrow. Developer shall have all of the following described documents completed and signed by all of the Persons required to make such documents operative and shall have delivered true, accurate and legible copies or originals of all such documents (as specified in this Agreement) to Authority, prior to the Close of Escrow:

(a) Developer Entity Documents;

(b) A copy of the Construction Contract in substantially final form (with a copy of the final Construction Contract being delivered to Authority prior to Close of Escrow);

(c) All Insurance Documents;

(d) A copy of the Construction Financing Documents in substantially final form (with copies of the final Construction Financing Documents being delivered to Authority prior to Close of Escrow);

(e) Documents evidencing a commitment from an Institutional Lender to Developer to provide the Permanent Loan; and

(f) A marketing plan for the Project pursuant to Section 2.11.

3.4.2. Title. The Developer accepts the state of the title of the Property, in accordance with Section 3.7.4;

3.4.3. Title Policy. The Title Company is, upon payment of the Title Company's premium for the Title Policy, irrevocably and unconditionally committed to issue the Title Policy to Developer, at the Close of Escrow;

3.4.4. Approvals. Final issuance of all discretionary Approvals required from any Government for the Construction of the Project on the Property, on terms and conditions reasonably acceptable to Authority;

3.4.5. Environmental Documents. Final adoption, approval or certification of the Environmental Documents;

3.4.6. Tax-Exempt Bonds and Tax Credits. Authority receives evidence reasonably satisfactory to Authority that Developer has received the Tax Credits reservation for the Project from TCAC and, if applicable, the allocation of tax-exempt bonds for the Project from CDLAC;

3.4.7. Construction Financing. A Permitted Security Instrument securing repayment of the Construction Financing and approved by Authority has been deposited into the Escrow and is in a condition to be recorded against the Property at the Close of Escrow and the Construction Financing is in a condition to fund promptly following the Close of Escrow;

3.4.8. Developer Escrow Deposits. Developer deposits all of the items into the Escrow required by Section 3.7.4;

3.4.9. Settlement/Closing Statement. Authority approves the Escrow Agent's estimated Escrow closing/settlement statement; and

3.4.10. Developer Pre-Closing Obligations. Developer performs all of its material obligations required to be performed by Developer under this Agreement prior to the Close of Escrow.

3.4.11. Lot Line Adjustment. The Lot Line Adjustment has been approved by all applicable Governments and has been recorded on the Authority Property in the official records of the County.

3.4.12. General Plan Consistency Determination. The Planning and Housing Commission for the City of Corona shall have determined that the City's disposition of fee title to the Property pursuant to this Agreement is consistent with the City of Corona General Plan pursuant to Government Code Section 65402.

3.4.13. HCD Confirmation. Authority shall have confirmed in writing that the California Department of Housing and Community Development ("HCD") has accepted Authority's declaration of the Authority Property as "exempt surplus property" under the Surplus Land Act (California Government Code section 54220 *et seq.*).

3.4.14. Separate Deeds of Trust. Notwithstanding anything in this Agreement to the contrary, the Authority and City reserve the right, in their sole discretion, to require Developer to provide four separate deeds of trust, in substantially the same form as set forth in Exhibit "G" attached to this Agreement, which will separately pledge the Property as collateral to secure payment for the Project Note, the Fee Deferral Note, the HOME-ARP Note and the Land Note rather than the single Deed of Trust.

3.5. Developer's Escrow Deposits.

At least one (1) Business Day prior to the Escrow Closing Date scheduled by the Escrow Agent in a writing delivered to all of the Parties, Developer shall deposit the following described funds and documents into the Escrow and, concurrently, provide a copy of each such document to Authority:

3.5.1. Notice of Agreement. The Notice of Agreement signed by the authorized representative(s) of Developer in recordable form which shall be recorded against the entire Property.

3.5.2. Insurance Documents. All Insurance Documents, as approved by Authority;

3.5.3. Regulatory Agreement. The Regulatory Agreement signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the Property;

3.5.4. Construction Financing Security Instrument. A Permitted Security Instrument securing repayment of the Construction Financing, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow;

3.5.5. Bond Regulatory Agreement. If applicable, a regulatory agreement as required by the issuer of tax-exempt bonds for the Project, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow;

3.5.6. Land Note. The Land Note signed by the authorized representative(s) of Developer;

3.5.7. Fee Deferral Note. The Fee Deferral Note signed by the authorized representative(s) of Developer;

3.5.8. Project Note. The Project Note signed by the authorized representative(s) of Developer;

3.5.9. HOME-ARP Note. The HOME-ARP Note signed by the authorized representative(s) of Developer;

3.5.10. Deed of Trust. The Deed of Trust signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the entire Property or, alternatively, to the extent the Authority and City exercise their right under Section 3.4.14, four separate deeds of trust, signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the entire Property to secure payment for the Project Note, the Fee Deferral Note, the HOME-ARP Note and the Land Note;

3.5.11. Subordination Agreements. Subordination agreement(s) subordinating the Deed of Trust in the form provided by an Institutional Lender for Construction Financing,

reasonably approved by the Authority and the City pursuant to Section 2.3.4 and signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the entire Property;

3.5.12. Density Bonus Agreement. The Density Bonus Agreement approved by the City Council on August 7, 2024 signed by the authorized representative(s) of Developer in recordable form, which shall be recorded against the entire Property;

3.5.13. Final Project Budget and Schedule of Performance. An updated and final Project Budget and Schedule of Performance that has been approved by the Authority's Executive Director; and

3.5.14. Other Funds and Documents. Such documents required from Developer under the terms of this Agreement to close the Escrow, including funds as required to pay all Escrow closing costs, which shall be the sole responsibility of Developer, or by the Escrow Agent in the performance of the Escrow Agent's contractual or statutory obligations relating to the Escrow.

3.6. Authority's and City's Escrow Deposits.

At least one (1) Business Day prior to the Escrow Closing Date scheduled by the Escrow Agent in a writing delivered to all of the Parties, Authority and City shall deposit the following described funds and documents into the Escrow and, concurrently, provide a copy of each such document to Developer:

3.6.1. Deed. The Deed signed by the authorized representative(s) of Authority in recordable form, conveying the Property to the Developer;

3.6.2. Notice of Agreement. The Notice of Agreement signed by the authorized representative(s) of Authority and City in recordable form, which shall be recorded against the entire Property;

3.6.3. Regulatory Agreement. The Regulatory Agreement signed by the authorized representative(s) of Authority and City in recordable form, which shall be recorded against the entire Property;

3.6.4. Subordination Agreements. Subordination agreement(s) subordinating the Deed of Trust in the form provided by an Institutional Lender for Construction Financing, reasonably approved by the Authority and the City pursuant to Section 2.3.4 and signed by the authorized representative(s) of Authority and City in recordable form, which shall be recorded against the entire Property;

3.6.5. FIRPTA Certificate. The FIRPTA Certificate signed by the authorized representative(s) of Authority;

3.6.6. Form 593. A Form 593 signed by the authorized representative(s) of Authority;

3.6.7. Density Bonus Agreement. The Density Bonus Agreement approved by the City Council on August 7, 2024 signed by the authorized representative(s) of City in recordable form, which shall be recorded against the entire Property; and

3.6.8. Other Funds and Documents. The principal amount of the HOME-ARP Loan, the Project Loan and such other funds or documents required from Authority or City under the terms of this Agreement to close the Escrow or by the Escrow Agent in the performance of the Escrow Agent's contractual or statutory obligations regarding the Escrow.

3.7. Closing Procedure.

When each of Developer's Escrow deposits, as set forth in Section 3.7.4, and each of Authority's and City's Escrow deposits, as set forth in Section 3.7.4, are deposited into the Escrow, the Escrow Agent shall request Notice from both Developer and Authority (on behalf of Authority and City) that each of their respective conditions to the Close of Escrow, as set forth in Sections 3.7.4 and Section 3.7.4, respectively, are satisfied or waived. Upon the Escrow Agent's receipt of Notice from both Authority and Developer that each of their respective conditions to the Close of Escrow are either satisfied or waived, the Escrow Agent shall schedule the Escrow Closing Date by Notice to all Parties and, thereafter, shall close the Escrow on or before the Escrow Closing Date by doing all of the following:

3.7.1. Recordation and Distribution of Recorded Documents. The Escrow Agent shall file the following documents with the office of the Recorder of the County for recording in the official records of the County, in the following order, at the Close of Escrow: (a) the Deed; (b) if applicable, the regulatory agreement required by the issuer of tax-exempt bonds for the Project; (c) a Permitted Security Instrument securing the Construction Financing; (d) the Regulatory Agreement; (e) the Notice of Agreement; (f) the Deed of Trust; (g) the Density Bonus Agreement; (h) the subordination agreements approved pursuant to Section 2.3.4, if any; and (i) any other documents to be recorded through the Escrow upon the joint instructions of Authority (on behalf of Authority and City) and Developer. The Escrow Agent shall deliver conformed copies of all documents filed for recording in the official records of the County through the Escrow to Authority, City, Developer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or conformed copy of each such document. Each copy of a document filed for recording shall show all recording information. The Parties intend and agree that this Section 3.7 shall establish the relative priorities of the documents to be recorded in the official records of the County through the Escrow, by providing for recordation of Senior interests prior in time to junior interests, as provided in this Section 3.7;

3.7.2. Distribution of Other Documents. The Escrow Agent shall deliver copies of all documents to be delivered through the Escrow that are not to be recorded to Authority, City, Developer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or copy of each such document;

3.7.3. Title Policy. Obtain and deliver the Title Policy to Developer;

3.7.4. Funds. Deliver all funds held by the Escrow Agent for the account of Authority to Authority and for the account of City to City, less any charges to the account of

Authority or City pursuant to the terms of this Agreement, and deliver the Project Loan in the sum of Seven Million Five Hundred Thirty-Five Thousand Two Hundred Eighty Dollars ($7,535,280.00), and deliver the HOME-ARP Loan in the sum of Five Hundred ~~Twenty-Nine~~Thirty One Thousand ~~Eight~~Five Hundred ~~Seventy-Five~~Ninety-One and Fifteen Hundredths Dollars ($~~529,875.00~~531,591.15) when and as needed to be used to finance the Project's predevelopment, development and construction costs, and all other remaining funds held by the Escrow Agent for the account of Developer to Developer, less of the Escrow closing costs which shall be paid solely by Developer, and less any other charges to the account of Developer pursuant to the terms of this Agreement.

3.7.5. FIRPTA Certificate. File the FIRPTA Certificate with the United States Internal Revenue Service;

3.7.6. Form 593. File the Form 593 with the State of California Franchise Tax Board; and

3.7.7. Report to IRS. Following the Close of Escrow and prior to the last date on which such report is required to be filed with the United States Internal Revenue Service, if such report is required pursuant to Section 6045(e) of the United States Internal Revenue Code, the Escrow Agent shall report the gross proceeds of the sale of the Property pursuant to this Agreement to the United States Internal Revenue Service on Form 1099-B, Form W-9 or such other form(s) as may be specified by the United States Internal Revenue Service pursuant to Section 6045(e) or its associated Federal regulations. Upon the filing of such reporting form with the United States Internal Revenue Service, the Escrow Agent shall deliver a copy of the filed form to both Authority and Developer.

3.8. Close of Escrow.

The Close of Escrow shall occur on or before the Escrow Closing Date. Authority (on behalf of Authority and the City) and Developer may mutually agree to change the Escrow Closing Date by joint written instruction to the Escrow Agent. The Authority Executive Director is authorized to agree to one or more extensions of the Escrow Closing Date on behalf of Authority and the City up to a maximum time period extension of six (6) months in the aggregate, in the Authority Executive Director's sole and absolute discretion. If for any reason (other than a Default or Event of Default by such Party) the Close of Escrow has not occurred on or before the Escrow Closing Date, then either Authority or Developer, if not then in Default under this Agreement, may cancel the Escrow and terminate this Agreement, without liability to any other Party or any other Person for such cancellation and termination, by delivering written Notice of termination to the other Parties and the Escrow Agent. Following any such Notice of termination of this Agreement and cancellation of the Escrow, the Parties and the Escrow Agent shall proceed pursuant to Section 3.11. Without limiting the right of either Authority or Developer to cancel the Escrow and terminate this Agreement, pursuant to the first sentence of this Section 3.8, if the Escrow does not close on or before the Escrow Closing Date and neither Authority nor Developer has exercised its contractual right to cancel the Escrow and terminate this Agreement under this Section 3.8 before the first date on which the Escrow Agent Notifies the Parties that the Escrow is in a position to close, then the Escrow shall close as soon as

reasonably possible following the first date on which the Escrow Agent Notifies the Parties that the Escrow is in a position to close, pursuant to the terms and conditions of this Agreement.

3.9. Escrow Closing Costs, Taxes and Title Policy Premium.

Developer shall pay all Escrow fees and such other costs as the Escrow Agent may charge for conducting the Escrow. Developer shall pay the premium charged by the Title Company for the Title Policy, including any endorsements or other supplements to the coverage of the Title Policy that may be requested by Developer, and any County documentary transfer tax arising from the transfer of the Property from Authority to Developer at the Close of Escrow. Developer shall pay any and all recording fees, any and all other charges or fees due at the Close of Escrow, taxes levied by any Government arising from or relating to the sale of the Property pursuant to this Agreement through the Escrow and the cost of any endorsements or supplements to the coverage of the Title Policy requested by Developer. The Escrow Agent shall Notify Developer and Authority of the costs to be borne by Developer at the Close of Escrow by delivering the Escrow Agent's estimated Escrow closing/settlement statement to both Authority and Developer, at least two (2) Business Days prior to the Escrow Closing Date.

3.10. Escrow Cancellation Charges.

If the Escrow fails to close due to an Event of Default attributable to Authority, Authority shall pay all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any. If the Escrow fails to close due to an Event of Default attributable to Developer, Developer shall pay all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any. If the Escrow fails to close for any reason other than an Event of Default attributable to either Developer or Authority, Developer and Authority shall each pay one-half (1/2) of all customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any.

3.11. Escrow Cancellation.

If the Escrow is cancelled and this Agreement is terminated pursuant to a contractual right granted to a Party in this Agreement to cancel the Escrow and terminate this Agreement, Authority and Developer shall pay any associated cancellation charges in accordance with Section 3.10 and do each of the following:

3.11.1. Cancellation Instructions. The Parties shall, within three (3) Business Days following receipt of the Escrow Agent's written request, execute any reasonable Escrow cancellation instructions requested by the Escrow Agent; and

3.11.2. Return of Funds and Documents. Within seven (7) days following receipt by the Parties of a settlement statement from the Escrow Agent of cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any: (a) Developer or the Escrow Agent, respectively, shall return to Authority and City any documents previously delivered by Authority and City to Developer or the Escrow Agent regarding this Agreement, the Property or the Escrow; (b) Authority, City or the Escrow Agent, respectively, shall return to Developer all documents previously delivered by Developer to Authority, City or the Escrow

Agent regarding this Agreement, the Property or the Escrow, except any Property Information; (c) the Escrow Agent shall return to Developer any funds deposited into the Escrow by Developer, less Developer's share of any customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any, in accordance with Section 3.10; and (d) the Escrow Agent shall return to Authority any funds deposited into the Escrow by Authority, less, Authority's share of any customary and reasonable cancellation charges regarding cancellation of the Escrow and the Title Policy order, if any, in accordance with Section 3.10.

3.12. Escrow Notices.All Notices from the Escrow Agent to the Parties shall be given in the manner provided in Section 8.1 of this Agreement.

## 4. PROJECT DEVELOPMENT

4.1. Developer's Covenant to Develop the Project.

Developer covenants to and for the benefit of the Authority and City that Developer shall commence, pursue and complete the development of the Project in accordance with the deadlines and other requirements of this Agreement, including but not limited to the Schedule of Performance set forth in Exhibit "N" and Project Scope and Development set forth in Exhibit "H". Developer covenants and agrees for itself, its successors and assigns that the Property shall be improved and developed with the Project, in conformity with the terms and conditions of this Agreement and all applicable Laws and conditions of each Government. The construction contract for the Project shall include all applicable federal requirements set forth in Exhibit "O". The covenants of this Section 4.~~1~~ shall run with the Property, until the date of issuance of a Certificate of Completion for the Project, provided that any indemnity provisions will remain effective and continue to run with the land after the issuance of a Certificate of Completion for the Project.

4.2. Changes to Project Plans and Specifications During Course of Construction.

Developer shall have the right, during the course of Construction of the Project, to make "minor field changes," without seeking the approval of the Authority, if such changes do not affect the type of use to be conducted within all or any portion of a structure. "Minor field changes" shall be defined as those changes from the Approvals for the Project that have no substantial effect on the Project and are made in order to expedite the work of Construction in response to field conditions. Nothing contained in this Section 4.2 shall be deemed to constitute a waiver of or change in any Approvals governing any such "minor field changes" or any Approvals by any Government otherwise required for any such "minor field changes."

4.3. Construction Start and Completion of Project.

4.3.1 Commencement. Developer shall commence Construction of the Project no later than the Project Commencement Date. Thereafter, Developer shall diligently proceed to pursue and complete the Construction of the Project, in a good and workmanlike manner, in accordance with this Agreement and all applicable Laws and all Approvals for the Project issued by each Government.

4.3.2 Completion. On or before the Project Completion Date, Developer shall do all of the following:

(a) Record a Notice of Completion, in accordance with California Civil Code Section 8182, for the entirety of the Project;

(b) Cause the Project to be inspected by each Government, as required by the applicable Approvals or Laws, and correct any defects and deficiencies that may be disclosed by any such inspection;

(c) Cause all final Certificates of Occupancy (or equivalent approvals) and other Approvals necessary for the occupancy and operation of the completed Project to be duly issued; and

(d) Deliver the Placed In Service Information to the Authority.

4.3.3 Time Extensions. The Authority Executive Director (on behalf of Authority and City), in his or her sole and absolute discretion, may extend the Project Completion Date for up to an additional one hundred eighty (180) days, in the aggregate.

4.4. Compliance with Laws.

All work performed in connection with the Construction of the Project shall comply with all applicable Laws and Approvals.

4.5. Regular Progress Reports.

Prior to and during the period of Construction of the Project, Developer shall submit to Authority written progress reports and/or hold progress meetings when and as reasonably requested by Authority. The reports shall be in such form and detail as may reasonably be required by Authority.

4.6. Progress Meetings.

At the reasonable request of Authority, Developer shall schedule, coordinate and attend construction progress meetings. The purposes of such meetings shall include but not be limited to discussing engineering matters, changes, delays, and extensions, reviewing work progress in relation to the Project, sharing new information, reporting on any significant events or developments, and otherwise carrying out the purposes of this Agreement. Developer shall provide Authority at least 72 hours prior notice (written or telephonic) of each such meeting.

4.7. Project Schedule.

Developer shall begin and complete the Project and undertake all obligations and responsibilities of Developer within the times specified in the Schedule of Performance or within such reasonable extensions of such times as may be granted by Authority Executive Director or designee (on behalf of Authority and City) or as otherwise provided for in this Agreement. Any

and all deadlines for performance by the Parties shall be extended for any time attributable to Enforced Delay.

4.8. Developer Attendance at Authority Meetings.

Developer agrees to have one or more of its employees or consultants who are knowledgeable regarding this Agreement and the development of the Project, such that such Person(s) can meaningfully respond to Authority governing body, City Council or Authority or City staff questions regarding the progress of the Project, attend meetings with Authority or City staff or meetings of the Authority governing body or City Council, when requested to do so by Authority staff, with reasonable advance Notice to Developer.

4.9. Authority Right to Inspect Project and Property.

The Authority Parties, for purposes of this Agreement on behalf of Authority and City, shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours, during the period of Construction of the Project. Any and all Authority representatives who enter the Property shall identify themselves at the Construction management office or, if none, to the apparent on-site Construction supervisor on the Property, upon their entrance onto the Property, and may be accompanied by a representative of Developer, while on the Property. Developer shall make a representative of Developer available for this purpose at all times during normal construction hours, upon reasonable advance Notice from the Authority. The Authority shall Indemnify Developer from injury, property damage or liability to the extent arising out of the exercise by the Authority of the right of access to the Property provided in this Section 4.9, except to the extent that any such injury, property damage or liability arises from the negligence or willful misconduct of any Developer Parties. If in the Authority's reasonable judgment it is necessary, the Authority shall have the further right, from time to time, at its own cost, to retain a consultant or consultants to inspect the Project and verify compliance by Developer with the provisions of this Agreement. Developer acknowledges and agrees that any such Authority inspections are for the sole purpose of protecting the Authority's rights under this Agreement, are made solely for the Authority's benefit, the Authority's inspections may be superficial and general in nature, and are for the purposes of informing the Authority of the progress of the Project and the conformity of the Project with the terms and conditions of this Agreement, and Developer shall not be entitled to rely on any such inspection(s) as constituting the Authority's or the City's approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Agreement or otherwise. Developer agrees to make its own regular inspections of the work of Construction of the Project to determine that the progress and quality of the Project and all other requirements of the work of Construction of the Project are being performed in a manner satisfactory to Developer.

4.10. Prevailing Wages.

4.10.1. Responsibility. Developer shall carry out the construction through completion of the Project in conformity with all applicable federal, state and local labor laws and regulations, including, without limitation, as applicable, the requirements to pay prevailing wages under federal law (the Davis-Bacon Act, 40 U.S.C. Section 3141, et seq., and the

regulations promulgated thereunder set forth at 29 CFR Part 1 (collectively, "Davis-Bacon")) and California law (Labor Code Section 1720, et seq.). Developer shall assume any and all responsibility and be solely responsible for: (a) determining whether or not laborers employed relative to the Construction of the Project must be paid the prevailing per diem wage rate for their labor classification, as determined by the State, pursuant to Labor Code Sections 1720, et seq. or pursuant to Davis-Bacon, and (b) causing all contractors and subcontractors to pay such wages and comply with all applicable provisions of Davis Bacon and Labor Code Sections 1720, et seq. and implementing regulations of the Department of Industrial Regulations in the event that it is determined that laborers employed relative to the construction of the project must be paid the prevailing per diem wage rate for their labor classification, either by Developer or as the result of a prevailing wage action.

4.10.2. Waivers and Releases. Developer, on behalf of itself, its successors, and assigns, waives and releases Authority and City from any right of action that may be available to any of them arising out of Developer's responsibilities under Section 4.10.1, including but not limited to any right of action pursuant to Labor Code Section 1781 and/or Davis-Bacon. Relative to the waiver and release contained in this Section 4.10.2, Developer acknowledges the protections of Civil Code Section 1542, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

4.10.3. Initials. By initialing below, Developer knowingly and voluntarily waives the provisions of Section 1542 solely in connection with the waivers and releases of Section 4.10.2.

_____
Initials of Authorized
Developer Representative

4.10.4. Indemnity. Additionally, Developer shall indemnify Authority and City, pursuant to Section 7.4.2, against any claims arising out of Developer's responsibilities under Section 4.10.1, including but not limited to any right of action pursuant to Labor Code Section 1781 and/or Davis-Bacon arising from this Agreement or the construction of all or any portion of the Project.

4.11. Project Certificate of Completion.

4.11.1. Issuance. Following the issuance of a final Certificate of Occupancy for the Project by the City, excluding any Punchlist Work to be completed by the Developer, Developer may request that the Authority Executive Director inspect the completed Project and issue a Certificate of Completion for the Project on behalf of Authority and City. Following the

Authority's receipt of such a written request from Developer, the Authority shall promptly inspect the Project to determine whether or not the Project has been completed in compliance with this Agreement. If the Authority Executive Director determines that the Project is complete (excluding any outstanding Punchlist Work) and in compliance with this Agreement, the Authority Executive Director shall issue a Certificate of Completion for the Project on behalf of Authority and City to Developer. If the Authority Executive Director determines that the Project is not complete or not in compliance with this Agreement, the Authority Executive Director shall send written Notice of each non-conformity to Developer, within fifteen (15) calendar days following the Authority's receipt of Developer's written request for a Certificate of Completion. The statement shall also contain the Authority's opinion of the action(s) Developer must take to obtain a Certificate of Completion from the Authority. If the reason for Developer's failure to complete the Project is confined to the immediate unavailability of specific items or materials for Construction or landscaping at a price reasonably acceptable to Developer or other minor Punchlist Work, the Authority Executive Director may, in its sole and absolute discretion, issue a Certificate of Completion upon the posting of a bond or irrevocable standby letter of credit by Developer, in form and substance reasonably acceptable to the Authority Executive Director and the Authority's legal counsel, in an amount representing the fair value of the work on the Project remaining to be completed, as reasonably determined by the Authority Executive Director. If the Authority Executive Director fails to provide such written statement, within the specified time period, Developer shall be deemed, conclusively and without further action of the Authority, to have satisfied the requirements of this Agreement with respect to the Construction of the Project (excluding any outstanding Punchlist Work), as if a Certificate of Completion had been issued by the Authority Executive Director on behalf of Authority and City pursuant to this Agreement, and the same shall irrevocably be deemed to have been issued as of such date for all purposes of this Agreement; provided, however, that Authority Executive Director shall subsequently issue a Certificate of Completion on behalf of Authority and City, if requested to do so by Developer. Notwithstanding anything herein to the contrary, Developer shall diligently complete all Punchlist Work and nothing herein shall be construed to relieve Developer of the obligation to complete the Punchlist Work.

4.11.2. Effect. A Certificate of Completion shall only be evidence of the Authority's conclusive determination (on behalf of Authority and City) of satisfactory completion of the Construction of the Project in accordance with the terms of this Agreement. A Certificate of Completion shall not constitute a Notice of Completion under California Civil Code Section 8182, nor shall it act to terminate the continuing reservations, covenants, restrictions or conditions contained in the Deed or any other instruments recorded against the Property or set forth in this Agreement or otherwise. A Certificate of Completion is not evidence of the compliance of the Project with any Laws or Approvals. A Certificate of Completion shall not evidence the satisfaction of any obligation of Developer to the Authority or City under this Agreement or otherwise, other than Developer's obligation to construct and install the Project on the Property. After the recordation of a Certificate of Completion for the Project, any Person then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Property or the Project shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement regarding Construction of the Project, but such Person shall be bound by any other reservations, covenants, conditions, restrictions and interests affecting the Property pursuant to this Agreement.

## 5. INSURANCE

5.1. Developer.

Developer shall maintain, to protect the Authority Parties and City Parties against all insurable Claims resulting from the actions of Developer in connection with this Agreement, the Property and the Project, at the sole cost and expense of Developer, until issuance of a Certificate of Completion for the Project, the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Automobile Liability Insurance; (c) Property Insurance; (d) Builder's Risk Insurance; and (e) Workers Compensation Insurance.

5.2. Nature of Insurance.

All Liability Insurance, Property Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "IX" (exception may be made for the State Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in the State. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with this Agreement.

5.3. Policy Requirements and Endorsements**.**

All insurance policies required by this Agreement shall contain (by endorsement or otherwise) the following provisions:

5.3.1. Insured. Liability Insurance and Automobile Liability Insurance policies shall name the Authority Parties and City Parties as "additional insured" (the endorsement form shall be at least as broad as ISO Form CG 20 10 11 85 or both CG 20 37 and one of the following: CG 20 10, CG 20 26, CG 20 33 or CG 20 38). Property Insurance and Builder's Risk Insurance policies shall name the Authority and the City as a "loss payee." The coverage afforded to the Authority Parties and City Parties shall be at least as broad as that afforded to Developer regarding the Property and the Project and may not contain any terms, conditions, exclusions, or limitations applicable to the Authority Parties and City Parties that do not apply to Developer.

5.3.2. Primary Coverage. Any insurance or self-insurance maintained by the Authority Parties and City Parties shall be excess of all insurance required under this Agreement and shall not contribute with any insurance required under this Agreement (the endorsement form shall be at least as broad as ISO CG 20 01 04 13).

5.3.3. Contractual Liability. Liability Insurance policies shall contain contractual liability coverage, for the Developer's indemnity obligations under this Agreement.

Developer's obtaining or failure to obtain such contractual liability coverage shall not relieve the Developer from nor satisfy any indemnity obligation of the Developer under this Agreement.

5.3.4. Deliveries to the Authority. Evidence of Developer's maintenance of all insurance policies and endorsements required by this Agreement shall be delivered to the Authority (on behalf of Authority and City) prior to the Close of Escrow. Builder's Risk Insurance shall incept at the time of contractor mobilization for the Project. No later than three (3) days before any insurance required by this Agreement expires, is cancelled or its liability limits are reduced or exhausted, Developer shall deliver to the Authority (on behalf of Authority and City) evidence of Developer's maintenance of all insurance this Agreement requires. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to Authority (on behalf of Authority and City) by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available Developer shall notify Authority (on behalf of Authority and City) of this unavailability in writing and shall forward any notice of cancellation to the Authority (on behalf of Authority and City) within two (2) business days from date of receipt by Developer; and further provided that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties and City Parties pursuant to this Agreement.

5.3.5. Waiver of Certain Claims. Developer shall cause each insurance carrier providing any Liability Insurance, Builder's Risk Insurance, Worker's Compensation Insurance, Automobile Liability Insurance or Property Insurance coverage under this Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties and City Parties, if not already in the policy. To the extent that the Developer obtains insurance with a Waiver of Subrogation, the Parties release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Agreement.

5.3.6. No Representation. No Party makes any representation that the limits, scope, or forms of insurance coverage this Agreement requires are adequate or sufficient.

5.3.7. No Claims Made Coverage. None of the insurance coverage required under this Agreement may be written on a claims-made basis.

5.3.8. Fully Paid and Non-Assessable. All insurance obtained and maintained by Developer in satisfaction of the requirements of this Agreement shall be fully paid for and non-assessable. However, Developer's policies may be subject to insurer audits.

5.3.9. Authority and City Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of Developer to carry any insurance required by this Agreement, the Authority and City each may, at its sole option, purchase any such required

insurance coverage and the Authority and City, respectively, shall be entitled to immediate payment from the Developer of any premiums and associated reasonable costs paid by the Authority or City, respectively, for such insurance coverage. Any amount becoming due and payable to the Authority or City under this Section 6.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority or City for payment of such amount, with an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the Usury Limit, whichever is less. Any election by the Authority or City to purchase or not to purchase insurance otherwise required by the terms of this Agreement to be carried by Developer shall not relieve the Developer of its obligation to obtain and maintain any insurance coverage required by this Agreement.

5.3.10. Separation of Insured. All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Developer and the Authority and City Parties. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

5.3.11. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Agreement shall be declared to and approved by Authority (on behalf of Authority and City). Developer shall pay all such deductibles or self-insured retentions regarding the Authority Parties and City Parties or, alternatively, the insurer under each such insurance policy shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties and City Parties.

5.3.12. No Separate Insurance. Developer shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Agreement, unless Authority and City are each made an additional insured thereon, as required by this Agreement.

5.3.13. Insurance Independent of Indemnification. The insurance requirements of this Agreement are independent of the Parties' indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Parties' indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority or City from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

## 6. FINANCING

6.1. Project Financing.

Developer shall finance the development of the Project in accordance with the Project Budget. Further, Authority, City and Developer agree that the financing of the Project shall comply with all of the following:

6.1.1. Tax Credit Financing and Tax-Exempt Bonds. To provide funds for the Construction of the Project, Developer shall in good faith apply for and obtain a reservation of the Tax Credits and, if set forth in the latest approved Project Budget, an allocation of tax-exempt bonds to finance a portion of the Total Project Costs. Developer shall use commercially reasonably efforts to submit an application for an allocation of tax-exempt bonds (if applicable) and a reservation of the Tax Credits no later than the deadline for the next round of applications following the issuance of land use entitlements for the Project and in all subsequent CDLAC (if applicable) and TCAC funding rounds for which the Developer determines it has a viable application through the end of calendar year 2025. If Developer does not receive the allocation of tax-exempt bonds (if applicable) and a reservation of Tax Credits as a result of such applications by the time of the award of a Tax Credits for the final applicable Tax Credit reservation round in 2025, the Executive Director may authorize the Developer to submit applications through the final applicable Tax Credit reservation round in 2026 provided that Developer previously submitted applications for Tax Credits for the Project and provided that the Executive Director may condition his approval on Developer covenanting that it shall not knowingly submit an application for Tax Credits in 2026 for any other development project in the Inland Empire CDLAC/TCAC geographic region in any round of a CDLAC/TCAC application cycle that Developer applies for the Tax Credits for the Project. If Developer does not receive a reservation of Tax Credits as a result of such applications by the time of the award of a Tax Credits for the final applicable Tax Credit reservation round in 2026, the Parties agree to meet and confer in good faith for a period of ninety (90) days to determine if a feasible and mutually acceptable alternate arrangement can be made to finance Construction of the Project. If no agreement is reached by the Parties within such ninety (90) day period regarding the alternative courses of action described in the preceding sentence, this Agreement may be terminated upon fifteen (15) days' Notice to the other Parties. Any agreement that is reached between the Parties on an alternative financing plan for the Project shall be memorialized in an implementation agreement to this Agreement. If Developer fails to make the required application to CDLAC (if applicable) and TCAC, then Authority or Developer may terminate this Agreement upon fifteen (15) days' Notice to the other Parties. Failure of Developer to obtain tax-exempt bond allocation (if applicable) or Tax Credits shall not constitute a Default under the terms of this Agreement, unless due to the intentional misconduct of Developer.

6.1.2. Permanent Loan. Prior to the Close of Escrow, Developer shall obtain for Authority's review and approval (on behalf of Authority and City), which may be withheld or conditioned in Authority's reasonable discretion and which shall not be unreasonably delayed, a conditional forward loan commitment for the Permanent Loan.

6.1.3. Use of HOME-ARP Funds. Developer shall only use the HOME-ARP funds for eligible activities as defined in the HOME-ARP Notice. No portion of the HOME-ARP funds shall be used to fund costs incurred more than twenty-four (24) months prior to the Effective Date or for any costs not allowed under the HOME-ARP Regulations.

6.2. Project Budget.

By its execution of this Agreement, Authority (on behalf of Authority and City) has given its approval to the Project Budget. While the Project Budget has been prepared based on the

best, good faith estimate of Developer of the costs which are likely to be incurred for the Project, the Parties recognize that events and circumstances not currently contemplated, some of which are outside of the control of the Parties, could result in changes in the costs of Construction, necessitating changes in the Project Budget. To the extent that Developer is required to make changes to the Project Budget, Developer shall immediately submit a revised Project Budget to the Authority Executive Director for review and approval (on behalf of Authority and City), which review and approval shall not be unreasonably withheld, conditioned or delayed, as to the sufficiency of the financing secured by Developer to meet the revised Total Project Costs.

6.3. Only Permitted Encumbrances.

Developer shall not record and shall not allow to be recorded against the Property any Security Instrument, lien or other encumbrance that is not a Permitted Encumbrance. Developer shall remove or cause to be removed (or providing title insurance in form and substance reasonably acceptable to Authority (on behalf of Authority and City) and issued by a title insurance company reasonably acceptable to Authority (on behalf of Authority and City), insuring the priority of this Agreement, the Regulatory Agreement, and the Deed of Trust securing the Land Loan, the Fee Deferral Loan, the HOME-ARP Loan, and Project Loan, or any separate deeds of trust required pursuant to Section 3.4.14 of this Agreement, as superior to such lien, with such title insurance being in the minimum amount of the outstanding principal and interest under the Land Loan, HOME-ARP Loan, Project Loan and the Fee Deferral Loan plus 125% of the amount of the lien claim or providing a statutory bond resulting in removal of such lien) any Prohibited Encumbrance made or recorded against the Property or shall assure the complete satisfaction of any such Prohibited Encumbrance to the satisfaction of the Authority (on behalf of Authority and City), in the Authority's sole and absolute discretion. The covenants of Developer set forth in this Section regarding the placement of encumbrances on the Property shall run with the land of the Property and bind successive owners of the Property, until recordation (or deemed issuance) of the Certificate of Completion for the Project.

6.4. Authority Right to Discharge Prohibited Encumbrances.

After sixty (60) calendar days' Notice to Developer of a Prohibited Encumbrance and provided that Developer has not caused such Encumbrance to be removed pursuant to Section 6.3, the Authority (on behalf of Authority and City) shall have the right, but not the obligation, to satisfy or remove any Prohibited Encumbrance against the Property or the Project and receive reimbursement from Developer for any amounts paid or incurred in satisfying or removing any such Prohibited Encumbrance, upon demand. Any amount expended by the Authority to discharge a Prohibited Encumbrance that is not reimbursed to the Authority by Developer within thirty (30) calendar days following written demand for payment from the Authority shall accrue Default Interest, until paid in full. Nothing in this Section 6.5.6, though, shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge that Developer is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Property to forfeiture or sale.

6.5. Rights of Lender, Authority and City Regarding Permitted Security Instruments.

6.5.1. Notice of Liens. The Developer shall promptly Notify the Authority (on behalf of Authority and City) of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Property, prior to the date of issuance of a Certificate of Completion for the Project, whether by voluntary act of Developer or otherwise; provided, however, that no Notice of filing of preliminary notices or mechanic's liens need be given by Developer to the Authority, prior to suit being filed to foreclose any such mechanic's lien.

6.5.2. Notice of Default to Lenders. Whenever the Authority or City delivers any Notice of Default to Developer under this Agreement, the Authority or City, as applicable, shall send a copy of such Notice of Default to each Lender holding a Permitted Security Instrument of which the Authority and City have received Notice and a contact address for transmittal of such Notices. Each Lender receiving a copy of any such Notice of Default shall have the right, at its option, to commence the cure or remedy of any Default of Developer set forth in such Notice and to diligently and continuously proceed with such cure or remedy of such Default, within the cure period allowed to Developer under this Agreement. The Authority and City shall accept such performance by a Lender with the same force and effect as if furnished by Developer. If such Default can only be remedied or cured by the Lender upon obtaining possession of the Property, the Authority and City shall allow the Lender an opportunity to obtain possession with diligence and continuity through exercise of remedies under such Lender's Permitted Security Instrument and to remedy or cure such Default within ninety (90) days after obtaining possession of the Property. If the Default reasonably requires more than ninety (90) days to cure, however, then the time available to a Lender to cure pursuant to this Section 6.5.6 shall be the reasonable time required to complete such cure, as long as the Lender has commenced the cure of the Default within such ninety (90) day period and diligently pursues the cure to completion. During such extension of time, the Authority and City shall not terminate this Agreement or exercise other remedies under this Agreement by reason of such Default. All Developer Specific Defaults shall be deemed cured upon transfer of Developer's interest in the entire Property to the Lender, its assignee or nominee, pursuant to exercise of remedies under a Permitted Security Instrument. In addition, any Lender properly completing the Project with the consent of Authority (on behalf of Authority and City) shall be entitled, upon written request made to Authority, to a Certificate of Completion from Authority. Nothing contained in this Agreement shall be deemed to permit, authorize or require any Lender to undertake or continue the Construction or installation of any portion of the Project (beyond the extent necessary to conserve or protect improvements or Construction already made) prior to or after acquiring title to or possession of the entire Property, without expressly assuming Developer's obligations under this Agreement by written agreement reasonably satisfactory to the Authority (on behalf of Authority and City), in which the Lender agrees to complete the Project in the manner provided in this Agreement. Any Lender desiring to complete the Project must provide the Authority with evidence reasonably satisfactory to the Authority (on behalf of Authority and City) that the Lender has the qualifications (or will engage one or more licensed contractor(s) or consultant(s) with such qualifications) and financial capability necessary to perform such obligations.

6.5.3. No Termination of Permitted Security Instruments by Default. An Event of Default by Developer under this Agreement shall not defeat or render invalid the lien of any Permitted Security Instrument made in good faith and for value as to all or any part of the

Property, whether or not the Lender is subordinated to this Agreement; but unless otherwise provided in this Agreement, this Agreement shall be binding and effective against any owner of the Property, whose title thereto is acquired pursuant to exercise of remedies under a Permitted Security Instrument or from a Person exercising any such remedies.

6.5.4. Lender Rights on Termination or Modification. No termination of this Agreement shall be binding upon a Lender unless the termination occurs after Notice to such Lender and such Lender's failure to cure all then existing Defaults under this Agreement (except any Developer Specific Defaults), pursuant to this Section 6.5.6, or with such Lender's prior written consent. No modification of this Agreement that materially affects the rights of a Lender shall be binding upon the Lender without its prior written consent.

6.5.5. No Construction Obligation of Lender. A Lender shall in no way be obligated by the provisions of this Agreement to construct or complete the development of the Project or to guarantee such construction or completion, but may do so pursuant to and in accordance with this Section 6.5.6. Nothing in this Agreement shall be deemed to construe, permit, or authorize any Lender to devote all or any portion of the Property to any uses, or to construct any improvements thereon, other than those uses or the Project provided for or authorized by this Agreement.

6.5.6. Authority and City Right to Cure Obligations. In the event of a Default by Developer under any Permitted Security Instrument, prior to the date of issuance of a Certificate of Completion for the Project, where the Lender has not exercised its option to complete the Project under Section 6.5.6, the Authority and City each may cure the Default of Developer under the applicable Permitted Security Instrument, but is under no obligation to do so, prior to completion of any sale or foreclosure of all or any portion of the Property under the applicable Permitted Security Instrument. The Authority or City, as applicable, shall be entitled to reimbursement from Developer of all costs and reasonable expenses incurred by the Authority or City, respectively, in curing any Default of Developer under any Permitted Security Instrument, under demand. Any amount expended by the Authority or City to cure a Default of Developer under any Permitted Security Instrument that is not reimbursed to the Authority or City, as applicable, by Developer within thirty (30) calendar days after Notice of such amount to Developer, shall accrue Default Interest, until paid in full. Notwithstanding the foregoing, in no event shall any Lender (or its nominee) or any successor in interest to the Property following a Foreclosure Event be obligated to repay any amounts required to be paid under this Section 6.5.6 which accrued prior to the date of that Foreclosure Event.

6.5.7. Foreclosure of Permitted Security Instrument. Foreclosure of any Permitted Security Instrument, whether by judicial proceedings or by power of sale, or any conveyance by deed in lieu of foreclosure, shall not require the consent of the Authority or constitute a Default under this Agreement.

6.5.8. Post-Foreclosure Event. Notwithstanding anything to the contrary, Sections 6.6, 6.7 and 6.8 shall automatically terminate and be of no further force and effect following a Foreclosure Event by a Permitted Lender holding a Permitted Security Instrument Senior in the priority to the Deed of Trust (a "**Senior Permitted Lender**"). Notwithstanding anything to the contrary set forth in this Agreement, from and after any Foreclosure Event,

neither a Senior Permitted Lender (or its nominee) nor any successor in interest to the Property following any Foreclosure Event (collectively, the "**Successor Owner**"), shall be obligated to comply with the terms of the Project Note, the Fee Deferral Note, the HOME-ARP Note, or the Land Note and neither Senior Permitted Lender (or its nominee), nor any Successor Owner have any obligation to repay the Project Loan, the Fee Deferral Loan, the HOME-ARP Loan, or the Land Loan. Notwithstanding anything to the contrary set forth in this Agreement, in no event shall Senior Permitted Lender (or its nominee) or any Successor Owner be liable to the City or the Authority for amounts due to the City or the Authority under the Regulatory Agreement as the result of an act or a failure to act occurring prior to the date Senior Permitted Lender (or its nominee) or any Successor Owner acquires title to the Property by a Foreclosure Event. Nothing in this Section 6.5.8 shall be construed to limit or terminate any and all rights the City or Authority may have as a junior lienholder.

6.6 Annual Payment on Land Note, Project Note ~~and~~, Fee Deferral Note, and HOME-ARP Note. Following completion of the Project as evidenced by the issuance by the City of ~~a~~the Certificate of ~~Occupancy~~Completion and continuing each year thereafter until the applicable maturity date established in the Land Note, the Project Note ~~and~~, the Fee Deferral Note and the HOME-ARP Note, a portion of the Residual Receipts from the Project shall be paid to the Authority and/or the City, as applicable, and applied to pay down the amounts due and owing under the Land Note, the Project Note ~~and~~, the Fee Deferral Note and the HOME-ARP Note, as applicable. The payments described in each of the Land Note, the Project Note ~~and~~, the Fee Deferral Note and the HOME-ARP Note shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of ~~Occupancy~~Completion for the Project and continuing each year thereafter. Each annual payment shall be accompanied by the Developer's report of Residual Receipts, an audited financial statement as required under each applicable note, and any other documentation reasonably requested by the Authority and/or the City to substantiate the Developer's determination of Residual Receipts.

6.6.1 Annual Budget. Developer shall prepare and submit to the Authority an Annual Budget no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. The Authority will review the Annual Budget and, if acceptable, approve it, which approval shall not be unreasonably withheld, conditioned or delayed. If the Annual Budget is not acceptable, the Authority shall specify the reasons for disapproval. The intent of this section is to provide the Authority an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total Annual Budget shall require the Authority's and/or the City's, as applicable, prior written consent, which consent shall not be unreasonably withheld.

6.7 Developer Fee. Developer covenants and agrees that the maximum Developer Fee that may be paid from Project sources and/or cash flow is ~~Two Million Five Hundred Thousand Dollars ($2,500,000).~~the amount allowed shown in the Project Budget ~~A larger Developer Fee may be included in the Project's eligible basis for tax credit purposes, but, except~~

~~as otherwise provided in Section 6.8, any fee in excess of $2,500,000 must be contributed as equity to the Project or paid out of the Developer's share of Residual Receipts~~. Developer shall not receive payments of Developer Fee in excess of the amounts or ahead of a written schedule to be approved by the Authority prior to Close of Escrow.

6.8 Cost Savings.

6.8.1 Cost Savings Obligation. Subject to compliance with the Tax Credit Rules and the approval of TCAC, and further subject to any requirements of the HOME-ARP Regulations, Developer hereby agrees to provide and pay to the Authority the payment described in this Section 6.8 in connection with Cost Savings (as defined in Section 6.8.2 below), if any, from the Project in an amount to be determined based on the Audit (as defined in Section 6.8.3 below) to be conducted upon completion of construction for the Project. Payment of the Authority Share of Cost Savings (as defined in Section 6.8.2 below) shall be made at the time set forth in Section 6.8.5 below. The amount paid for the Authority Share of Cost Savings shall be credited against the amount then outstanding on the Project Note.

6.8.2 Authority Share of Cost Savings. The actual amount of Cost Savings (as defined below) to be paid to the Authority and retained by the Developer shall be determined after the Audit (as defined in Section 6.8.3 below), and the amount of such Cost Savings shall be equal to the amount by which the total sources of permanent financing for the Project exceed the actual costs incurred to develop the Project including, without limitation, payment of the Developer Fee (resulting amount constituting "**Cost Savings**"). From the total amount of Cost Savings, the Developer shall retain fifty percent (50%) to be applied to payment of Developer Fee notwithstanding the limits in Section 6.7 if then outstanding, and pay to the Authority fifty percent (50%) ("**Authority Share of Cost Savings**"). If any of the other soft lenders request a share of Cost Savings, the Authority shall split the Authority Share of the Cost Savings (50%) on a pro rata basis with the other soft lender(s) that are requesting a share of Cost Savings. The pro rata distribution shall be based on the initial principal balances of each respective soft loan of the soft lender(s) that are requesting a share of Cost Savings. If none of the other soft lenders request a share of the Cost Savings, the Authority shall receive the full 50% of the Cost Savings.

6.8.3 Audit to Determine Cost Savings. Within one hundred and eighty (180) days following the issuance of Form 8609 by TCAC, Developer shall cause its certified public accountant(s) to perform a final audit of the Total Project Costs in accordance with the requirements of the Tax Credits and generally accepted auditing standards (GAAP) ("**Audit**"). If the Audit determines that the total sources of permanent financing for the Project (including long-term permanent debt and tax credit equity) exceed the total actual and documented cost to develop the Project, such excess shall be considered the "Cost Savings" for the Project.

6.8.4 Allocation of Cost Savings Amount. Once determined by the Audit pursuant to Section 6.8.3 above, the full amount of Cost Savings shall be allocated and remitted in the following order: (a) first, Developer shall retain fifty (50%) of Cost Savings to be applied to payment of Developer Fee notwithstanding the limits in Section 6.7 if then outstanding, and (b) second, Developer shall pay to the Authority the Authority Share of Cost Savings which shall be utilized as principal payment due on the Project Note.

6.8.5 Timing of Allocation and Payment of Cost Savings. In the event of any Cost Savings, the payment of the Authority Share of Cost Savings shall become due and payable no later than sixty (60) days after Developer receives its final Tax Credit equity payment for the Project, and each of such payments shall be allocated and remitted in a lump sum, and as applicable credited toward the amount outstanding under the Project Note.

## 7. REMEDIES AND INDEMNITY

7.1. Remedies.

7.1.1. Developer Remedies. During the continuance of an Event of Default by Authority or City under this Agreement, Developer shall be limited to either of the following remedies: (1) an action against Authority or City for specific performance of this Agreement; or (2) termination of this Agreement; provided however if the Event of Default is the Authority's or the City's failure to fund the Fee Deferral Loan, the Land Loan, the HOME-ARP Loan or the Project Loan when all conditions to funding such loan as set forth in this Agreement have been met, the Developer shall be entitled to recover its reasonable documented direct costs incurred for the Project prior to the date the Event of Default occurs up to a maximum amount of Three Hundred Fifty Thousand Dollars ($350,000) from whichever of the Authority or the City are in default. Under no circumstances shall Authority or City be liable to Developer under this Agreement for any speculative, consequential, collateral, special, punitive or indirect damages or for any loss of profits suffered or claimed to have been suffered by Developer.

7.1.2. Authority and City Remedies. The occurrence of an Event of Default by Developer under this Agreement shall give the City and/or the Authority the right to proceed with any and all remedies set forth in this Agreement, include an action for damages, an action or proceeding at law or in equity to require the Developer to perform its obligations and covenants under this Agreement and any documents executed pursuant hereto or to enjoin acts or things which may be unlawful or in violation of the provisions of this Agreement or any documents executed pursuant hereto, and the right to terminate this Agreement. In addition, the occurrence of an Event of Default by Developer will relieve the City and the Authority of any obligation to further perform hereunder.

7.1.3. Waiver of Rights. Authority, City and Developer each acknowledge and agree that neither Authority nor City would have entered into this Agreement, if it were to be liable to Developer for any monetary damages, monetary recovery or any remedy during the continuance of an Event of Default under this Agreement by Authority or City. Accordingly, Authority, City and Developer agree that the remedies specifically provided for in Section 7.1.1 are reasonable under the circumstances and shall be Developer's sole and exclusive rights and remedies during the continuance of an Event of Default under this Agreement by Authority or City. Developer waives any right to pursue any remedy or damages other than those specifically provided in Section 7.1.1.

7.1.4. Civil Code Section 1542 Waiver. Developer acknowledges the protections of Civil Code Section 1542 relative to the waivers and releases contained in this Section 7.1, which Civil Code Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

7.1.5. Acknowledgment. By initialing below, Developer knowingly and voluntarily waives the provisions of Section 1542 and all other statutes and judicial decisions (whether state or federal) of similar effect solely in connection with the waivers and releases contained in this Section 7.1.

_____
Initials of Authorized
Developer Representative

7.1.6. Statement of Intent. California Civil Code Section 1542 notwithstanding, it is the intention of Developer to be bound by the limitation on damages and remedies set forth in this Section 7.1, and Developer hereby releases any and all claims against Authority or City for monetary damages, monetary recovery or other legal or equitable relief related to any event of default under this Agreement prior to the Close of Escrow, except as specifically provided in this Section 7.1, whether or not any such released claims were known or unknown to Developer as of the Effective Date of this Agreement.

7.2. Legal Actions.

Either Party may institute legal action, at law or in equity, to enforce or interpret the rights or obligations of the Parties under this Agreement or recover damages, subject to the provisions of Section 7.1.

7.3. Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this Agreement are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or the same rights or remedies for any other Default by the other Party.

7.4. Indemnification.

7.4.1. Authority Indemnity Obligations. Authority shall Indemnify the Developer Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of the Authority Parties, but only to the extent that Authority may be held liable under applicable law for such wrongful intentional act or negligence and exclusive of any violation of law (including the State Constitution) relating to Authority's performance of

this Agreement. Nothing in this Agreement is intended nor shall be interpreted to waive any limitation on Authority's liability, any exemption from liability in favor of Authority, any claim presentment requirement for bringing an action regarding any liability of Authority or any limitations period applicable to liability of Authority, as set forth in Government Code Sections 800, *et seq.*, Sections 900, *et seq.*, or in any other law or require Authority to Indemnify any Person beyond such limitations on Authority's liability.

7.4.2. Developer Indemnity Obligations. Developer shall Indemnify the Authority Parties and City Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of the Developer Parties. Developer shall also Indemnify the Authority Parties and City Parties against any and all of the following: (a) any Application made by or at Developer's request; (b) any agreements that Developer (or anyone claiming by or through Developer) makes with a Third Person regarding the Property or the Project; (c) any workers compensation claim or determination relating to any employee of the Developer Parties or their contractors; (d) any Prevailing Wage Action relating to this Agreement or the Project; and (e) any Environmental Claim attributable to any action or failure to act by the Developer Parties.

7.4.3. Independent of Insurance Obligations. Developer's indemnification obligations under this Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations under this Agreement. Developer's obligation to Indemnify Authority Parties and City Parties under this Agreement is independent of Developer's insurance and other obligations under this Agreement. Developer's compliance with its insurance obligations and other obligations under this Agreement shall not in any way restrict, limit, or modify Developer's indemnification obligations under this Agreement and are independent of Developer's indemnification and other obligations under this Agreement.

7.4.4. Survival of Indemnification and Defense Obligations. The indemnity and defense obligations of the Parties under this Agreement shall survive the expiration or earlier termination of this Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Agreement are fully, finally, absolutely and completely barred by applicable statutes of limitations.

7.5. Indemnification Procedures.

Wherever this Agreement requires any Indemnitor to Indemnify any Indemnitee:

7.5.1. Prompt Notice. The Indemnitee shall promptly notify the Indemnitor of any Claim.

7.5.2. Selection of Counsel. The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the Claim and its defense. The Indemnitee's separate counsel may attend all

proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel. The Indemnitor and its counsel shall, however, control the defense, except to the extent that the Indemnitee waives its rights to indemnity and defense for such Claim.

7.5.3. Cooperation. The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

7.5.4. Settlement. The Indemnitor may only settle a Claim without the consent of Indemnitee, if the Claim is within the policy limits of applicable insurance policies provided in satisfaction of the requirements of this Agreement and such settlement procures a release of Indemnitee from the subject Claims, does not require Indemnitee to make any payment to the claimant and neither Indemnitee nor Indemnitor on behalf of Indemnitee admits any liability. Notwithstanding the immediately preceding sentence or any other provision of this Agreement, the Indemnitee's consent shall be required to settle any and all Claims under Builder's Risk Insurance.

## 8. GENERAL PROVISIONS

8.1. Notices, Demands and Communications Between the Parties.

8.1.1. Notices. Any and all Notices submitted by any Party to another Party pursuant to or as required by this Agreement shall be dispatched by messenger for immediate personal delivery, overnight delivery service that provides a receipt of delivery, by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the Party, as set forth in Section 8.1.2, or by email at the email address of the Party set forth in Section 8.1.2. Such Notice may be sent in the same manner to such other addresses as any Party may from time to time designate by Notice. Notices shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, the date on the delivery receipt if sent by overnight delivery service, or two (2) calendar days after it is placed in the United States mail, as provided in this Section 8.1. Notices transmitted by electronic mail transmission shall be deemed delivered upon being sent, but only if no message of unavailability or undeliverability is received by the sending Party. Rejection, other refusal to accept or the inability to deliver any Notice because of a changed address of which no Notice was given or other action by a Person to whom Notice is sent, shall be deemed receipt of the Notice.

8.1.2. Addresses. The following are the authorized addresses for the submission of Notices to the Parties, as of the Effective Date:

| | |
|---|---|
| To Developer: | Second Street Family LP<br>c/o OHDC Second Street Family LLC<br>414 E. Chapman Avenue<br>Orange, CA 92866<br>Attn: Chief Executive Officer<br>Email: OHDC@ohdcorp.com |
| *With a courtesy copy to:* | C&C Second Street Family LLC<br>14211 Yorba Street, Suite 200<br>Tustin, CA 92780<br>Attn: Todd Cottle<br>Email: Todd@c-cdev.com |
| *and to:* | Goldfarb & Lipman LLP<br>1300 Clay Street, 11th Floor<br>Oakland, CA 94612<br>Attn: Lynn Hutchins<br>Email: lhutchins@goldfarblipman.com |
| To Authority and City: | City of Corona Housing Authority<br>400 S. Vicentia Avenue<br>Corona, CA 92882<br>Attn: Authority Executive Director<br>Email: Jacob.Ellis@CoronaCA.gov |
| *With a courtesy copy to:* | City of Corona Housing Authority<br>400 S. Vicentia Avenue<br>Corona, CA 92882<br>Attn: Authority General Counsel<br>Email: Dean.Derleth@CoronaCA.gov |

8.2. Conflict of Interest.

No member, official or employee of the Authority or City having any conflict of interest, direct or indirect, related to this Agreement, the Property, or the development or operation of the Project shall participate in any decision relating to this Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

8.3. No Third-Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any Third Person to any Party or give any Third Person any right of subrogation or action over or against any Party.

8.4. Warranty Against Payment of Consideration for Agreement.

Developer warrants that it has not paid or given, and will not pay or give, any Third Person any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section 8.4, shall not include Persons to whom fees are paid for professional services, if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by Developer, respectively.

8.5. Enforced Delay: Extension of Time of Performance.

In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in Default, or considered to be a Default, where delays or Defaults are due to the force majeure events of war, acts of terrorism, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes or lack of transportation, weather-caused delays, inability to secure necessary labor, materials or tools, delays of any contractors, subcontractor or supplier, which are not attributable to the fault of the Party claiming an extension of time to prepare or acts or failure to act of any Government ("**Enforced Delay**"). An extension of time for any such force majeure cause shall be for the period of the Enforced Delay and shall commence to run from the date of occurrence of the delay; provided however, that the Party which claims the existence of the delay has first provided the other Parties with written notice of the occurrence of the delay within ten (10) calendar days of the commencement of such occurrence of delay. The inability of Developer to satisfy any condition of this Agreement relating to the Construction of the Project shall not be deemed to be a force majeure event or otherwise provide grounds for the assertion of the existence of a delay under this Section 8.5. The Parties to this Agreement expressly acknowledge and agree that changes in either general economic conditions or changes in the economic assumptions of any of them which may have provided a basis for entering into this Agreement and which occur at any time after the execution of this Agreement, are not force majeure events and do not provide any Party with grounds for asserting the existence of a delay in the performance of any covenant or undertaking which may arise under this Agreement. Each Party expressly assumes the risk that changes in general economic conditions or changes in such economic assumptions relating to the terms and covenants of this Agreement could impose an inconvenience or hardship on the continued performance of such Party under this Agreement, but that such inconvenience or hardship is not a force majeure event and does not excuse the performance by such Party of its obligations under this Agreement.

8.6. Inspection of Books and Records.

Authority and City each shall have the right at all reasonable times, at its cost and expense, to inspect the books and records of Developer pertaining to the construction of the Project or the Property as necessary for the Authority or City, in its reasonable discretion, to enforce its rights under this Agreement. Matters discovered by Authority or City shall not be disclosed to third parties, unless required by law or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of Authority or City hereunder.

8.7. Approvals.

Except as otherwise provided in this Agreement, approvals required of Authority, City or Developer, or any officers, agents or employees of Authority, City or Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in this Agreement or, if no time is given, within a reasonable time.

8.8. Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors and assigns.

8.9. Further Assurances.

The Parties agree to reasonably consider such additional actions or the execution of such other documents as may be reasonably necessary or convenient to the financing, development, and operation of the Project, although nothing in this Section 8.9 shall be deemed a representation, guaranty or commitment by any Party to take any action or execute any document.

8.10. City Delegation to Authority.

Except as otherwise specifically provided in this Agreement and except for actions that may increase costs to the City, for ease of administration of this Agreement, the City delegates to the Authority the authority to administer this Agreement on behalf of the City and authorizes the Authority Executive Director to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and changes to the attached exhibits prior to their execution and execute documents on behalf of the City, including any documents necessary to implement any changes in the number or affordability of Qualifying Units (as defined in the Regulatory Agreement), as may be required by TCAC. To the extent the authority to administer this Agreement is not delegated by the City to the Authority, the City Manager shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and changes to the attached exhibits prior to their execution and execute documents on behalf of the City, including any documents necessary to implement any changes in the number or affordability of Qualifying Units (as defined in the Regulatory Agreement), as may be required by TCAC, so long as such actions do not reduce the length of affordability of the Qualifying Units (as defined in the Regulatory Agreement) or add to the costs incurred or to be incurred by City as specified herein. The City

Manager reserves the right, in its sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the City Manager determines or believes that such action could increase the risk, liability or costs to City, or change the affordability covenants or reduce the length of affordability of the Project.

8.11. Authority Approvals and Actions.

The Authority Executive Director shall have the authority, on behalf of the Authority and the City (to the extent not provided otherwise in this Agreement), to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and changes to the attached exhibits prior to their execution and execute documents, including, without limitation, the Notice of Completion and any documents necessary to implement any changes in the number or affordability of the Qualifying Units (as defined in the Regulatory Agreement), as may be required by TCAC, so long as such actions do not reduce the length of affordability of the Qualifying Units (as defined in the Regulatory Agreement) or add to the costs incurred or to be incurred by Authority or City as specified herein. The Authority Executive Director reserves the right, in its sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the Authority Board if the Authority Executive Director determines or believes that such action could increase the risk, liability or costs to Authority, or reduce the length of affordability of the Project.

8.12. Investor Limited Partner Provisions.

If and when the Developer is in the form of a limited partnership and admits an investor limited partner into Developer's partnership, the Authority and City each agrees to the following provisions for the benefit of the Developer's investor limited partner:

8.12.1. The Authority and City ~~each~~together will give the limited partner a copy of any Notice (at the limited partner's address provided in a Notice by Developer to the Authority and City) that the Authority or City gives to the Developer under this Agreement, the Regulatory Agreement and the other Land Loan, HOME-ARP Loan, Project Loan and Fee Deferral Loan documents, provided that Developer has provided the address and contact information for the investor limited partner in writing to the Authority and City;

8.12.2. The Authority and City ~~each~~together will give the limited partner thirty (30) days after the limited partner's receipt of such Notice to cure a default with respect to a non-payment of any sum due under the Land Loan, HOME-ARP Loan, Project Loan and Fee Deferral Loan documents;

8.12.3. The Authority and City each will give the limited partner sixty (60) days after the limited partner's receipt of such Notice to cure any other default (other than those referred to in Section 8.12.2) under this Agreement, the Regulatory Agreement and other Land Loan, HOME-ARP Loan, Project Loan and Fee Deferral Loan documents;

8.12.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority and City each will give the limited partner an additional ninety (90) days to

cure such default provided the limited partner has commenced to cure such default and is diligently proceeding to cure such default through the end of such period;

8.12.5. If the limited partner makes any such payment or otherwise cures such default, the Authority and City each will accept such action as curing such default as if such payment or cure were made by the Developer;

8.12.6. The Authority and City each will permit the limited partner to transfer the limited partner's interest to any person or entity at any time provided that, if at the time of such transfer the limited partner has not made one hundred percent (100%) of the capital contributions the limited partner is required to make to the Partnership, the limited partner shall remain liable to the Developer for such capital contributions;

8.12.7. The Authority and City each will permit the limited partner to remove the general partner of the partnership in accordance with the partnership agreement, provided that the substitute general partner is reasonably acceptable to Authority; and

8.12.8. The Authority and City each will permit insurance and condemnation proceeds to be used to rebuild the Project provided that (i) sufficient funds are provided from other sources to effectively rebuild the Project to a lawful affordable housing multi-family complex, and (ii) subject to the rights of any Senior Lenders, Authority (on behalf of Authority and City) shall hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as Authority (on behalf of Authority and City) may impose.

8.13. Community Facilities Districts.

If and when the Property ceases to be operated as affordable housing pursuant to the Regulatory Agreement, the Owner on behalf of itself, successors and assigns agrees to take all necessary steps to annex the Property into Community Facilities District Nos. 2016-3 and 2016-1.

## 9. ENTIRE AGREEMENT, EXHIBITS, WAIVERS AND AMENDMENT

9.1. Entire Agreement.

This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Property and the development thereof.

9.2. Exhibit List.

The following is a list of the Exhibits attached to this Agreement. Each of the exhibits referenced in this Section 9.2 is incorporated by this reference into the text of this Agreement.

Exhibit A Authority Property Legal Description
Exhibit B Site Plan

| | |
|---|---|
| Exhibit C | Escrow Agent Consent |
| Exhibit D | Form of Deed |
| Exhibit E | Regulatory Agreement |
| Exhibit F | Land Note |
| Exhibit G | Deed of Trust |
| Exhibit H | Project Scope of Development |
| Exhibit I | Notice of Agreement |
| Exhibit J | Certificate of Completion |
| Exhibit K | Developer Official Action |
| Exhibit L | Project Note |
| Exhibit M | Fee Deferral Note |
| Exhibit N | Schedule of Performance |
| Exhibit O | Federal Requirements |
| Exhibit P | Project Budget (ProForma and Uses and Schedule of Uses) |
| Exhibit Q | HOME-ARP Note |

9.3. Waivers and Amendments.

All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the appropriate authorities of each Party to this Agreement.

9.4. Execution of Agreement.

This Agreement may be executed in multiple counterpart originals each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the Parties regarding the acquisition, Construction and operation of the Project on the Property.

**SIGNATURES ON FOLLOWING TWO PAGES**

**CITY AND AUTHORITY SIGNATURE PAGE**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

Authority and City have signed this First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments) by and through the signatures of their authorized representative(s) set forth below:

**AUTHORITY:**

CITY OF CORONA HOUSING AUTHORITY,
a public body, corporate and politic, organized under the laws of the State of California,

By: _____ Date: _____
Jacob Ellis
Executive Director

ATTEST:

_____
Authority Secretary

**CITY:**

CITY OF CORONA,
a California municipal corporation

By: _____ Date: _____
Jacob Ellis
City Manager

ATTEST:

_____
City Clerk

**DEVELOPER SIGNATURE PAGE**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

Developer has signed this First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments) by and through the signatures of their authorized representative(s) set forth below:

**DEVELOPER:**

SECOND STREET FAMILY LP,
a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the
2007 Todd R. Cottle and
Jennifer N. Cottle Revocable
Trust, its member

**EXHIBIT "A"**
**TO**
**FIRST AMENDED AND RESTATED**
**~~AFFORDABLE HOUSING DISPOSITION~~AFFORDABLE HOUSING DISPOSITION**
**AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**AUTHORITY PROPERTY LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: (APN: 118-~~270-053 AND APN:~~ 302-030) (CALTRANS PARCEL NO. 22223-REM)

THAT PORTION OF LOT 10, IN BLOCK 64 OF LANDS OF THE SOUTH RIVERSIDE LAND AND WATER COMPANY, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 9, PAGE 6 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. BEING A PORTION OF THE LAND DESCRIBED IN THE DEED RECORDED JUNE 23, 1992 AS INSTRUMENT NO. 230917, OF OFFICIAL RECORDS OF SAID COUNTY, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE CENTERLINE INTERSECTION OF BUENA VISTA AVENUE AND 6TH STREET, AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 143, PAGES 94 THROUGH 113, INCLUSIVE OF RECORDS OF SURVEY, RECORDS OF SAID COUNTY; THENCE NORTH 08°02'08" EAST 1482.02 FEET ALONG THE CENTERLINE OF SAID BUENA VISTA AVENUE; THENCE SOUTH 81°57'52" EAST 30.00 FEET TO THE EASTERLY LINE OF SAID BUENA VISTA AVENUE AND THE TRUE POINT OF BEGINNING; THENCE NORTH 52°08'39" EAST 22.39 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 9968.00 FEET, A RADIAL LINE TO SAID CURVE BEARS NORTH 06°12'34" EAST; THENCE EASTERLY 571.01 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 03°16'56"; THENCE SOUTH 80°30'30" EAST 51.02 FEET; THENCE SOUTH 33°51'13" EAST 39.01 FEET TO A LINE THAT IS PARALLEL WITH AND 0.25 FEET WESTERLY OF THE EASTERLY LINE OF LOT 9 IN BLOCK 64 OF SOUTH RIVERSIDE LAND AND WATER COMPANY LANDS, AS SHOWN BY MAP RECORDED IN BOOK 9, PAGE 6 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA; THENCE SOUTH 08°03'40" WEST 11.86 FEET ALONG SAID PARALLEL LINE TO THE SOUTHERLY LINE OF THE NORTHERLY 100.00 FEET OF THE SOUTHERLY 198.00 FEET OF SAID LOT 9 AND THE POINT OF TERMINATION.

PARCEL 2: (APN: 118-270-053, 118-270-051 AND 118-270-055) (CALTRANS PARCEL NOS. 22219, 22221, & 22222-REM)

THAT PORTION OF LOT 5, IN BLOCK 66 OF LANDS OF THE SOUTH RIVERSIDE LAND AND WATER

COMPANY, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 9, PAGE 6 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. BEING A PORTION OF THE LAND DESCRIBED IN THE DEEDS RECORDED MAY 31, 2013 AS INSTRUMENT NO. 2013-0257879, JULY 23, 2013 AS INSTRUMENT NO. 2013-0354239 AND AUGUST 29, 2013 AS INSTRUMENT NO. 2013-0426213, ALL OF OFFICIAL RECORDS OF SAID COUNTY, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT CENTERLINE INTERSECTION OF BUENA VISTA AVENUE, 60.00 FEET WIDE, AND 6TH STREET, AS SHOWN ON A MAP FILED IN BOOK 143, PAGES 94 THROUGH 113, INCLUSIVE OF RECORDS OF SURVEY, RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE OF BUENA VISTA AVENUE NORTH 08°02'08" EAST 1479.18 FEET; THENCE NORTH 81°57'52" WEST 30.00 FEET TO THE WESTERLY LINE OF SAID BUENA VISTA AVENUE AND THE TRUE POINT OF BEGINNING; THENCE NORTH 38°05'40" WEST 22.46 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 9968.00 FEET, A RADIAL LINE TO SAID CURVE BEARS NORTH 05°40'54" EAST; THENCE WESTERLY 28.63 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00°09'52"; THENCE NORTH 84°28'59" WEST 172.40 FEET TO A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 968.00 FEET; THENCE WESTERLY 365.82 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 21°39'11" TO A COMPOUND CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHWESTERLY 2.96 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 03°23'25"; THENCE SOUTH 70°28'25" WEST 260.64 FEET; THENCE SOUTH 72°26'28" WEST 262.95 FEET; THENCE SOUTH 73°45'06" WEST 161.04 FEET TO A NON-TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 903.00 FEET, A RADIAL LINE TO SAID CURVE BEARS SOUTH 16°14'56" EAST; THENCE WESTERLY 382.42 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 24°15'53" TO A ~~NONTANGENT~~NON-TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 1403.00 FEET, A RADIAL LINE TO SAID CURVE BEARS SOUTH 08°02'24" WEST; THENCE WESTERLY 32.47 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 01°19'34"; THENCE SOUTH 54°27'43" WEST 54.64 FEET; THENCE SOUTH 09°15'36" WEST 95.59 FEET; THENCE SOUTH 08°05'21" WEST 34.85 FEET; THENCE SOUTH 09°23'23" WEST 155.22 FEET TO A NON-TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 95.00 FEET, A RADIAL LINE TO SAID CURVE BEARS SOUTH 79°06'07" EAST; THENCE SOUTHWESTERLY 9.83 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05°55'39" FEET TO THE EASTERLY LINE OF LINCOLN AVENUE, 88.50 FEET WIDE AS SHOWN ON SAID MAP.

~~PARCEL 2: (APN: 118-302-030) (CALTRANS PARCEL NO. 22223-REM)~~

~~THAT PORTION OF LOT 10, IN BLOCK 64 OF LANDS OF THE SOUTH RIVERSIDE LAND AND WATER COMPANY, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 9, PAGE 6 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. BEING A PORTION OF THE LAND DESCRIBED IN THE DEED RECORDED JUNE 23, 1992 AS INSTRUMENT NO. 230917, OF OFFICIAL RECORDS OF SAID COUNTY, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:~~

~~BEGINNING AT THE CENTERLINE INTERSECTION OF BUENA VISTA A VENUE AND 6TH STREET, AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 143, PAGES 94 THROUGH 113 OF RECORDS OF SURVEY, RECORDS OF SAID COUNTY; THENCE NORTH 08°02'0811 EAST 1482.02~~

~~FEET ALONG THE CENTERLINE OF SAID BUENA VISTA AVENUE; THENCE SOUTH 81 °57'52" EAST 30.00 FEET TO THE EASTERLY LINE OF SAID BUENA VISTA AVENUE AND THE TRUE POINT OF BEGINNING; THENCE NORTH 52°08'39" EAST 22.39 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 9968.00 FEET, A RADIAL LINE TO SAID CURVE BEARS NORTH 06°12'34" EAST; THENCE EASTERLY 571.01 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 03°16'56"; THENCE SOUTH 80°30'30" EAST 51.02 FEET; THENCE SOUTH 33°51'13" EAST 39.01 FEET TO A LINE THAT IS PARALLEL WITH AND 0.25 FEET WESTERLY OF THE EASTERLY LINE OF LOT 9 IN BLOCK 64 OF SOUTH RIVERSIDE LAND AND WATER COMPANY LANDS, AS SHOWN BY MAP RECORDED IN BOOK 9, PAGE 6 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA; THENCE SOUTH 08°03'4011 WEST 11.86 FEET ALONG SAID PARALLEL LINE TO THE SOUTHERLY LINE OF THE NORTHERLY 100.00 FEET OF THE SOUTHERLY 198.00 FEET OF SAID LOT 9 AND THE POINT OF TERMINATION.~~

**EXHIBIT "B"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**SITE PLAN**

**[SEE ATTACHED TWO (2) PAGES]**



1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

PP2023-0010

1" = 20'-0"

SECOND STREET FAMILY LP

CORONA, CA

ADDRESSING PLAN

June 3, 2024

C&C Development

A22

IDEArc ARCHITECTURE + PLANNING

B-2
Exhibit "B"
Site Plan

1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

PARK AT WSA

CORONA, CALIFORNIA

Scale: 1"=10'

C2 Collaborative

B-3
Exhibit "B"
Site Plan

1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

**EXHIBIT "C"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**ESCROW AGENT CONSENT**

~~Ticor~~Commonwealth Land Title Company ~~of California~~ accepts that certain First Amended and Restated Affordable Housing Disposition Agreement (Corona Second Street Family Apartments), dated as of ~~**[TO BE DETERMINED],** by~~ _____, 2025by and among the City of Corona, a municipal corporation,, the City of Corona Housing Authority, a public body, corporate and politic, and Second Street Family LP, a California limited partnership, agrees to act as "Escrow Agent" pursuant to such agreement and agrees to be bound by all provisions of such agreement applicable to it as the Escrow Agent.

**ESCROW AGENT:**

~~Ticor~~Commonwealth Land Title Company
~~of California~~

By: _____
Name: _____
Its: _____
Dated: _____
Escrow No.: _____

**Notice Address:**

~~Ticor~~Commonwealth Land Title Company
~~of California~~
4400 MacArthur Blvd., Suite 800
Newport Beach, CA 92660
Attn: Kim Hernandez

**EXHIBIT "D"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**FORM OF DEED**

**[SEE ATTACHED ~~SIX~~FOUR (~~6~~4) PAGES]**

RECORDING REQUESTED BY:

City of Corona Housing Authority

WHEN RECORDED MAIL TO AND MAIL TAX STATEMENTS TO:

Second Street Family LP
414 E. Chapman Avenue
Orange, CA 92866
Attn: Eunice Bobert

No fee for recording pursuant to Government Code Section 27383

APNs: _____ SPACE ABOVE FOR RECORDER'S USE ONLY

The undersigned declares exemption under the following: Exempt from fee per Government Code 27388.1(a)(2)(D); recorded by the State or any county, municipality, or other political subdivision of the State.

# GRANT DEED

The undersigned Grantor declares:

Documentary transfer tax is $_____,

(X) computed on full value of property conveyed, or
( ) computed on full value less of liens and encumbrances remaining at time of sale.
( ) Unincorporated area:
(X) City of Corona

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California ("Grantor"), hereby grants and conveys to SECOND STREET FAMILY LP**,** a California limited partnership ("Grantee"), the following described real property in the City of Corona, County of Riverside, State of California:

SEE ATTACHED ATTACHMENT "1"

SUBJECT TO:

1. Real property taxes and assessments, not delinquent.

2. Covenants, conditions, restrictions, easements, exceptions, reservations, rights, rights-of-way and other matters of record or discoverable by inspection or survey. Grantor has caused this Grant Deed to be signed by Grantor's authorized representative on _____, 20__.

**GRANTOR:**

CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California

By: _____
Authority Executive Director

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

STATE OF CALIFORNIA )
)
COUNTY OF _____ )

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

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

WITNESS my hand and official seal.

_____
Name: _____
Notary Public

ATTACHED TO: GRANT DEED

## ATTACHMENT 1

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[To be inserted after LLA is recorded]

**EXHIBIT "E"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**REGULATORY AGREEMENT**

**[SEE ATTACHED FORTY-ONE (41) PAGES]**



1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Corona Housing Authority
400 S. Vicentia Avenue
Corona, CA 92882
Attn: Executive Director

APNs: 118-270-053
118-270-055

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383 AND §27388.1(a)(2)(D)

**REGULATORY AGREEMENT**
**(Corona Second Street Family Apartments)**

**by and among**

**CITY OF CORONA HOUSING AUTHORITY,**
**a public body, corporate and politic,**
**organized under the laws of the State of California,**

**CITY OF CORONA,**
**a California municipal corporation,**

**and**

**SECOND STREET FAMILY LP,**
**a California limited partnership**

**[Dated as of _____, ~~2024~~202_ ] for reference purposes only]**



1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

**REGULATORY AGREEMENT**
**(Corona Second Street Family Apartments)**

This REGULATORY AGREEMENT (Corona Second Street Family Apartments) ("**Regulatory Agreement**") is made and entered into as of _____, 202__, by and among the CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California (the "**Authority**"), CITY OF CORONA, a California municipal corporation ("**City**") and SECOND STREET FAMILY LP, a California limited partnership ("**Owner**").

RECITALS

A. City, Authority and Owner~~'s predecessor in interest~~ entered into that certain First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments) dated as of _____, ~~2024~~2025 (the "**Affordable Housing Agreement**"), which provides that Authority will convey to Owner that certain property located at _____ 2nd Street, as more specifically described in Attachment No. 1, incorporated herein by this reference (the "**Property**"), subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, both the Authority and the City have agreed to provide financial assistance to the Owner for acquisition of the Property and the construction thereon by Owner of a one hundred fifteen (115) unit multifamily residential development, including one manager's unit (the "**Project**").

B. Authority, City and Owner desire that the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Households at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property.

C. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement and continuing in perpetuity following the recordation of Certificate of Completion as defined herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, OWNER, AUTHORITY AND CITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1, UNLESS THE SPECIFIC CONTEXT OF USAGE OF A PARTICULAR WORD OR TERM MAY OTHERWISE REQUIRE. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE**

**DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

1.1 30% Household. An individual or household that has a household income equal to or less than thirty percent (30%) of the then current AMI adjusted for household size.

1.2 50% Household. An individual or household that has a household income equal to or less than fifty percent (50%) of the then current AMI adjusted for household size.

1.3 60% Household. An individual or household that has a household income equal to or less than fifty-nine and one-half percent (~~60~~59.5%) of the then current AMI adjusted for household size.

1.4 70% Household. An individual or household that has a household income equal to or less than seventy percent (70%) of the then current AMI adjusted for household size.

1.5 80% Household. An individual or household that has a household income equal to or less than eighty percent (80%) of the then current AMI adjusted for household size.

1.6 Adjusted for Family Size Appropriate to the Unit. So long as operation of the Project occurs at a time that a TCAC extended use agreement or regulatory agreement is in place on the Project, occupancy requirements for the Qualifying Units in the Project shall be calculated under Title 26, Subtitle A, Section 42(g)(2)(c), Subsections (i) and (ii) of the Internal Revenue Code (i.e., 1.5 individuals for each separate bedroom). When no federal statute is applicable to the Project, the occupancy requirements for the Qualifying Units in the Project shall comply with Health and Safety Code Section 50052.5(h).

1.7 Affordable Rent.

~~1.8~~1.7.1. Qualifying ~~Units~~Unit Affordable Rent. In reference to each Qualifying Unit, the maximum rent allowed for the Qualifying Unit by the TCAC Regulatory Agreement to qualify for, receive and be in compliance with the applicable program for the Tax Credits or the affordable rent amounts set forth in Health and Safety Code Section 50053(b)(2) for the applicable household limit, whichever is less. The HOME-ARP Units are subject to additional affordable rent restrictions as set forth below.

~~1.9~~

~~a.~~1.7.2. HOME-ARP Qualifying ~~Households~~Household Rent. For each Unit occupied by a HOME-ARP Qualifying Household during the HOME-ARP Term only, the maximum rent (rent plus utilities) allowed shall not exceed thirty percent (30%) of the adjusted income of a household whose annual income is equal to or less than fifty percent (50%) of the AMI adjusted for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis.

~~b.~~1.7.3. HOME-ARP Units With Rental Subsidy Rent. Notwithstanding subsection ~~(ii)~~b. above, for a HOME-ARP Unit that receives a federal or state project-based rental subsidy and is occupied by a HOME-ARP Qualifying Household that pays as a contribution to rent no more than 30 percent (30%) of the household's adjusted income, the maximum rent allowed is the rent allowable under the federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). For a HOME-ARP Unit that receives tenant-based rental assistance, the maximum rent allowed is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

~~c. HOME-ARP Low Income Households. For each HOME-ARP Unit occupied by HOME-ARP Low Income Households during the HOME-ARP Term only, the maximum rent (rent plus utilities) allowed be as set forth in 24 CFR 92.252(a) (i.e., the lesser of the fair market rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent (30%) of the income of a family at 65 percent (65%) of the AMI, adjusted for number of bedrooms in the unit). The rent limits for HOME-ARP Low -Income Households apply to the rent plus the utility allowance established pursuant to the HOME-ARP Notice.~~

~~1.10~~1.8AMI. The Area Median Family Income for the Riverside-San Bernardino-Ontario MSA as published annually by the federal Department of Housing and Urban Development (HUD) on setting income limits pursuant to Section 8 of the United States Housing Act of 1937.

~~1.11~~1.9Annual Report. The Certification of Continuing Program Compliance attached to this Regulatory Agreement as Attachment No. 3 and incorporated by this Reference or comparable report filed annually by Owner with TCAC or other governmental agencies.

~~1.12~~1.10 Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars ($1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority (on behalf of the Authority and the City), which approval shall not be unreasonably withheld, delayed or conditioned.

~~1.13~~1.11 Certificate of Completion. The written certification of Authority (on behalf of the Authority and the City), in substantially the form of Exhibit J attached to the Affordable Housing Agreement, certifying that the Project has been completed in compliance with the terms and conditions of this Agreement.

~~1.14~~1.12 HCD. The State of California Department of Housing and Community Development.

~~1.15~~1.13 HOME Act. Part A of Subchapter II of Chapter 130 of Title 42 of the United States Code, commencing with Section 12741, as amended or superseded, including all implementing regulations, rulings and policies.

~~1.16 HOME-ARP Low-Income Household. An individual or family who meets the criteria for a low-income household pursuant to 24 CFR 92.2. If the income of a HOME-ARP Low Income Household increases after initial occupancy of the HOME-ARP Unit such that the individual or family no longer meets the criteria for a low income household pursuant to 24 CFR 92.2, the tenant can remain in the HOME-ARP Unit, the HOME-ARP Unit will be considered temporarily out of compliance and the Authority shall be required to take action in accordance with Sections VI.B.15 and VI.B.17 of HOME-ARP Notice.~~

~~1.17~~1.14 HOME-ARP Qualifying Household. An individual or family who meets the criteria of a qualifying population specified in Section IV.A of the HOME-ARP Notice.

~~1.18~~1.15 HOME-ARP Term. The period beginning on the date of recordation of this Agreement and ending on the later of the fifteenth (15th) anniversary of the recording of the Certificate of Completion and the end of the term of any Housing Assistance Payments Contract between the Authority and Owner with respect to Section 8 Project-Based Vouchers for the Project.

~~1.19~~1.16 HOME-ARP Units. The one (1) Studio Unit and one (1) Three Bedroom Unit constructed, in part, with HOME-ARP funds. The HOME-ARP Units will be "floating" units as that term is defined in 24 CFR 92.252(j). Owner shall provide City with information regarding any substitution or filling vacancies in any “floating” unit so that the Project remains in compliance with the HOME-ARP Regulations and the HOME-ARP Notice. ~~Not less than 70 percent (70%) of the total number of Qualifying Units assisted with~~Both HOME-ARP ~~funds~~Units must be restricted for occupancy by households that are HOME-ARP Qualifying Households at the time of the household’s initial occupancy. ~~Not more than 30 percent (30%) of the total number of HOME-ARP Units may be restricted to HOME-ARP Low-Income Households and such units do not have to be restricted for occupancy by HOME-ARP Qualifying Households, however rental units restricted to HOME-ARP Low-Income Households are only permitted in projects that include HOME-ARP Units for HOME-ARP Qualifying Households.~~ Units restricted for occupancy by HOME-ARP Qualifying Households must be occupied by households that meet the definition of a HOME-ARP Qualifying Household at the time of initial occupancy of the HOME-ARP Unit. After initial occupancy, a HOME-ARP Qualifying Household retains its eligibility to occupy a HOME-ARP Unit irrespective of any changes in the HOME-ARP Qualifying Household’s income or whether the household continues to meet the definition of a HOME-ARP Qualifying Household. As such, a HOME-ARP Unit remains in compliance with the HOME-ARP unit restriction set forth above as long as the unit is occupied by a HOME-ARP Qualifying Household that met the definition of a HOME-ARP Qualifying Household at the time of initial occupancy. ~~At initial occupancy, units restricted for HOME-ARP Low-Income households must be occupied by households that meet the definition of low-income in 24 CFR 92.2.~~

~~1.20~~1.17 HUD. The United States Department of Housing and Urban Development.

~~1.21~~1.18 Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by TCAC or other governmental agencies.

~~1.22~~1.19 Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars ($2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

~~1.23~~1.20 Management Agent. A person with significant experience in management of affordable rental housing projects substantially similar to the Project and that is, at the time, managing other financially self-supporting, successful affordable rental housing projects substantially similar to the Project.

~~1.24~~1.21 Manager Unit. The one (1) Three Bedroom Unit within the Project reserved exclusively for use by the on-site manager employed by the Owner or the Management Agent, as applicable.

~~1.25~~1.22 One Bedroom Unit. Any one of the one bedroom residential accommodations within the Project.

~~1.26~~1.23 Project. The operation of a multi-family rental housing project which shall include approximately one hundred fourteen (114) units, which shall be rented to Qualified Households at Affordable Rents, the Manager Unit and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement**.**

~~1.27~~1.24 Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Riverside, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with "ordinance or law" coverage. To the extent customary for like properties in the County of Riverside at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an "increased cost of construction" endorsement; and an endorsement covering

demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

~~1.28~~1.25 Qualified Households. A household that (1) intends to reside in a Qualifying Unit; and (2) whose income does not exceed the maximum income allowable for the subject Qualifying Unit; or in the case of a HOME-ARP Unit meets the qualifications for occupancy under the HOME-ARP Notice.

~~1.29~~1.26 Qualifying Units. The one hundred fourteen (114) Studio Units, One Bedroom Units, Two Bedroom Units, and Three Bedroom Units within the Project restricted to occupancy by Qualified Households as set forth in Section 6, including, without limitation, the HOME-ARP Units.

~~1.30~~1.27 Studio Unit. Any one of the residential accommodations within the Project consisting of a single room serving as a living room, bedroom and kitchen with a separate bathroom.

~~1.31~~1.28 Tax Credits. An allocation from TCAC of four percent (4%) or nine percent (9%) federal low income housing tax credits or of state low income housing tax credits to finance a portion of the costs of the Project, all in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, the applicable provisions of the California Taxation and Revenue Code, all associated Internal Revenue Service regulations and all associated TCAC regulations.

~~1.32~~1.29 TCAC. The California Tax Credit Allocation Committee or its successor in function.

~~1.33~~1.30 TCAC Regulatory Agreement. The regulatory agreement required to be recorded against the Property by TCAC to obtain the Tax Credits.

~~1.34~~1.31 Term. The period of time following the date of recordation of this Agreement, and continuing in perpetuity.

~~1.35~~1.32 Three Bedroom Unit. Any one of the three bedroom residential accommodations within the Project.

~~1.36~~1.33 Two Bedroom Unit. Any one of the two bedroom residential accommodations within the Project.

~~1.37~~1.34 Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars ($1,000,000) per accident for bodily injury or disease, covering all employees of Owner.

2. Reservation of Property for Affordable Housing. The Owner covenants and agrees to reserve and restrict the Property for Construction of the Project and, thereafter, reserve and restrict use and residential occupancy of the Qualifying Units by individuals and families who, at the time of initial occupancy of a Qualifying Unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. One (1) Three Bedroom Unit within the Project may be used as a Manager Unit at any given time provided that no Qualifying Unit shall be used as a Manager Unit.

3. Affordable Multi-Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of the Authority and City that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project to provide multi-family residential rental housing in the Qualifying Units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Section 4.1 of the Affordable Housing Agreement to develop the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. The Owner will not knowingly permit any Qualifying Unit to be used on a transient basis and will not lease or rent any Qualifying Unit for an initial period of less than twelve (12) months. No Qualifying Unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home. The term of affordability for the HOME-ARP Units is fifteen (15) years. Following expiration of the HOME-ARP Term the HOME-ARP Units will no longer be restricted pursuant to the HOME Act, the HOME-ARP Regulations, the HOME-ARP Notice, or any HUD regulations, but shall continue to be restricted by the Authority as Qualifying Units pursuant to this Agreement. At all times during the HOME-ARP Term, the Owner's action with respect to the Project shall at all times be in conformity with: (i) all requirements imposed on projects assisted with HOME-ARP funds as contained in the HOME Act, the HOME-ARP Regulations, and other implementing rules and regulations, as such may be amended or supplemented from time to time; and (ii) the HOME-ARP Notice ; and other implementing rules and regulations, as such may be amended or supplemented from time to time. At all times during the HOME-ARP Term, the Project must comply with the property standards for new construction projects pursuant to 24 CFR 92.251(a).

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority and City to cause the Project to be continuously operated, in accordance with the other provisions of this Agreement, throughout the Term, except during any period that the Project or any portion thereof is affected by a casualty loss or condemnation. Owner shall use commercially reasonable efforts to ensure that each Qualifying Unit and the Manager Unit shall not remain vacant for a period longer than ninety (90) days or such shorter period of time as may be required by TCAC regulations.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Qualifying Units. The Owner covenants that each Qualifying Unit shall be occupied or available for occupancy by a Qualified Household at an Affordable Rent on a continuous basis throughout the Term, in accordance with the following tenant income level mix:

6.1. Not less than one (1) of the Studio Units shall be occupied or available for occupancy by a 30% Household, which during the HOME-ARP Term shall be classified as a HOME-ARP Unit and be occupied or available for occupancy by a HOME-ARP Qualifying Household; and

6.2. Not less than one (1) of the Studio Units shall be occupied or available for occupancy by a Qualified Households that is a 50% Household; and

6.3. Not less than three (3) of the Studio Units shall be occupied or available for occupancy by Qualified Households that are 60% Households; and

6.4. Not less than one (1) of the Studio Units shall be occupied or available for occupancy by a Qualified Household that is a 70% Households; and

6.5. Not less than one (1) of the One Bedroom Units shall be occupied or available for occupancy by a Qualified Household that is a 30% Household; and

6.6. Not less than one (1) of the One Bedroom Units shall be occupied or available for occupancy by a Qualified Household that is a 50% Household; and

6.7. Not less than ~~fourteen~~nine (~~14~~9) of the One Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 60% Households; and

6.8. Not less than ~~two~~seven (~~2~~7) of the One Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 70% Households; and

6.9. Not less than five (5) of the Two Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 30% Households; and

6.10. Not less than five (5) of the Two Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 50% Households; and

6.11. Not less than ~~thirty-one~~sixteen (~~31~~16) of the Two Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 60% Households; and

6.12. Not less than ~~five~~twenty (~~5~~20) of the Two Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 70% Households; and

6.13. Not less than five (5) of the Three Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 30% Households; and

6.14. Not less than five (5) of the Three Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 50% Households, one (1) of which during the HOME-ARP Term shall be classified as a HOME-ARP Qualifying Unit and be occupied or available for occupancy by a HOME-ARP Qualifying Household; and

6.15. Not less than ~~twenty-nine~~fourteen (~~29~~14) of the Three Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 60% Households; and

6.16. Not less than ~~five~~twenty (~~5~~20) of the Three Bedroom Units shall be occupied or available for occupancy by Qualified Households that are 70% Households.

7. Affordable Rent. The monthly rent charged to a Qualified Household for the occupancy of a Qualifying Unit shall never exceed an Affordable Rent for such Qualifying Unit.

7.1. Rent Increases. Rent for Qualifying Units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent for each Qualifying Unit must never exceed an Affordable Rent for the Qualifying Unit as necessary to maintain the tenant income mix specified in Section 6.

7.1.1. Maintaining Financial Stability. Notwithstanding Section 7.1, if, during the Term and through no fault of Developer, the Project generates insufficient income to cover its operating costs, required deposits to replacement reserves, and debt service on approved financing as shown on the Annual Budget, and as is necessary to maintain the financial stability of the Project, with the exception of the HOME-ARP Units during the HOME-ARP Term, Developer may request approval of the Authority and the City (a) to allow 80% Households to occupy the Qualifying Units that are otherwise required to be occupied by a 30% Household, a 50% Household, a 60% Household or a 70% Household pursuant to this Agreement, and (b) to increase the rent on one or more of the Qualifying Units that are otherwise required to be occupied by a 30% Household, a 50% Household, a 60% Household or a 70% Household pursuant to this Agreement to an Affordable Rent for a 80% Household. The rent increase permitted by this Section 7.1.1 is subject to the following requirements: (x) concurrently with the request, Developer shall provide the Authority and the City with evidence that the Project is not operating at a financially stable level, (y) a proposed operating budget reflecting the requested rent increases (the "**Operating Budget**"); and (z) a description of efforts to obtain alternate sources of rental subsidy and/or maintain financial stability. The number of the Qualifying Units subject to the rent increase and the amount of the proposed increase may not be greater than the number or amount required to ensure that the Project generates sufficient income to cover its operating costs, required deposits to replacement reserves, and debt service on approved financing as shown on the Operating Budget, and as is necessary to maintain the financial stability of the Project. In addition , Developer hereby agrees to the following:

7.1.1.1 Developer shall use good faith commercially reasonable efforts to obtain alternative sources of rental subsidies and shall provide the Authority and City with annual progress reports on efforts to obtain alternative sources of rental subsidies that would

allow the rents to be reduced. Upon receipt of any alternative rental subsidies, Developer shall reduce the rents back to the original restrictions required by this Agreement to the extent that the alternative rental subsidies provide sufficient income to cover the operating costs, required replacement reserves and debt service of the Project as shown on the Operating Budget.

7.1.1.2 Developer shall provide tenants in the Qualifying Units with notice of any rent increase pursuant to this Section 7.1.1, and shall notify the tenant that if they have received a tenant-based voucher from the County they may use the tenant-based voucher for their Qualifying Unit.

7.1.1.3 All rent increases for the Qualifying Units are subject to Authority and City approval pursuant to the terms of this Section 7.1. No later than sixty (60) days prior to the proposed implementation of any rent increase, Developer shall submit to the Authority and the City a schedule of any proposed increase in the rent. The Authority or City will disapprove a rent increase if it does not comply with the restrictions set forth in this Section 7.1.1.

7.1.1.4 Developer shall give tenants of all Qualifying Units written notice at least sixty (60) days prior to any rent increase.

7.1.1.5 With respect to any Qualifying Units for which Authority and City has authorized Developer to increase rents pursuant to this Section, the preference to rent to households which are homeless or at risk of homelessness shall automatically terminate. The City's local preferences as Section 8.8 of this Agreement shall remain.

7.2. Determination of Household Income. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a Qualifying Unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. On or before March 31 of each calendar year during the Term, the Owner shall require each Qualified Household occupying a Qualifying Unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a Qualifying Unit or by a Qualified Household occupying a Qualifying Unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a Qualifying Unit as presented in a valid California Driver's License, other form of identification issued by the State

of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a Qualifying Unit or be grounds for termination of Qualified Household's occupancy of a Qualifying Unit.

7.3. The Qualifying Units are not specifically assigned to any qualifying income category (i.e., 30% Household, 50% Household, 60% Household or 70% Household). The restricted income level of each Qualifying Unit may change as Qualifying Units become vacant, a Qualified Household tenant's income changes or other Qualifying Units are occupied by Qualified Households. In all circumstances, though, the rent for each Qualifying Unit shall be an Affordable Rent for the Qualifying Unit as necessary to maintain the restricted income tenant mix required under Section 6. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a 60% Household, then the Owner or Management Agent shall notify such household that its lease for its Qualifying Unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease. In any event, if the income category of a Qualified Household upon recertification is different from the previous income of the Qualified Household (i.e. a 30% Household becomes a 50% Household, 60% Household or a 70% Household; a 50% Household becomes a 30% Household 60% Household, or a 70% Household; a 60% Household becomes a 30% Household, 50% Household or a 70% Household; or 70% Household becomes a 30% Household a 50% Household, or a 60% Household; or any similar change in the income of a Qualified Household tenant of the Project), the Owner or Management Agent shall rent the next available Unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 6. To the extent the federal or state low-income housing tax credit requirements conflict with the requirements in this Section 7.3 relative to the continued occupancy by households that do not qualify as Qualified Households, the federal or state low-income housing tax credit requirements shall apply in place of the provisions in this Section 7.3.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of Qualifying Units and by Qualified Households that occupied or are occupying Qualifying Units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a Qualifying Unit shall permit the Authority to conduct inspections of the Property, the Project and the interior and exterior of each Qualifying Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner and subject to tenant's rights under applicable Law.

7.6. The Owner shall submit its first Annual Report to the Authority on the April 30th immediately following the issuance of the final Certificate of ~~Occupancy~~Completion for the Project by the City. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to the Authority. The Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualified Household occupying a Qualifying Unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel.

8. Owner Covenant Regarding Lease of Qualifying Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any Qualifying Unit is rented or leased during the Term, the rental or lease of the Qualifying Unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the Qualifying Unit.

8.2. The lease for each Qualifying Unit shall be for an initial term of not less than twelve (12) months.

8.3. The lease for each HOME-ARP Unit during the HOME-ARP Term shall include any provisions necessary to comply with the requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113–4, 127 Stat. 54) applicable to HUD-funded programs as implemented by 24 CFR 92.359.

8.4. The lease for each HOME-ARP Unit during the HOME-ARP Term shall not contain any provision which is prohibited by 24 C.F.R. 92.253(b) and the lease for each Qualifying Unit shall not contain any of the following provisions:

8.4.1. An agreement by the Qualified Household to be sued, to admit guilt or to the entry of a judgment in favor of the Owner in a lawsuit brought in connection with the lease;

8.4.2. An agreement by the Qualified Household that the Owner may take, hold or sell personal property of any member(s) of the Qualified Household, without notice to the Qualified Household and a court decision on the respective rights of the Owner and the member(s) of the Qualified Household, other than an agreement by the Qualified Household concerning disposition of personal property remaining in the Qualifying Unit after the Qualified Household has moved out of the Qualifying Unit;

8.4.3. An agreement by the Qualified Household not to hold the Owner or its agents legally responsible for any willful misconduct or negligence attributable to the Owner or its agents;

8.4.4. An agreement by the Qualified Household that the Owner may institute a lawsuit, involving or affecting the Qualified Household or any of its members, without notice to the Qualified Household;

8.4.5. An agreement by the Qualified Household that the Owner may evict the Qualified Household without instituting a civil court proceeding in which the Qualified Household has an opportunity to present a defense or before a court decision on the respective rights of the Owner and the Qualified Household;

8.4.6. An agreement by the Qualified Household to waive any right to a trial by jury;

8.4.7. An agreement by the Qualified Household to waive the Qualified Household's right to appeal or to otherwise challenge a court decision in connection with the lease;

8.4.8. An agreement by the Qualified Household to pay attorney's fees or other legal costs, even if the Qualified Household wins in a court proceeding by the Owner against the Qualified Household; provided, however, the Qualified Household may be obligated to pay costs if the Qualified Household loses such a legal action;

8.4.9. An agreement by the Qualified Household to pay one (1) or more security deposits (or the equivalent) totaling in excess of the amount of two month's rent for such Qualifying Unit. Failure to pay any security deposit installment may constitute a breach of the lease.

8.5. Each lease for a Qualifying Unit shall contain all of the following provisions:

8.5.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a Qualifying Unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.5.2. An agreement providing that each Qualified Household occupying a Qualifying Unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the Qualifying Unit;

8.5.3. An agreement providing that each Qualified Household occupying a Qualifying Unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.5.4. Providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a Qualifying Unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.6. Any termination of a lease or refusal to renew a lease must be in conformance with 24 CFR 92.253(c) for a HOME-ARP Unit during the HOME-ARP Term, the requirements of the Violence Against Women Reauthorization Act of 2013 ((Pub. L. 113-4, 127 Stat. 54) applicable to HUD-funded programs for a HOME-ARP Unit during the HOME-ARP Term, and must be preceded by not less than sixty (60) days' written notice to the tenant by Owner specifying the grounds for the action.

8.7. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household, including conformance with 24 C.F.R. 92.253(c).

8.8. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.8.1. meet the requirements for tenant selection set out in 24 C.F.R. 92.253(d) with respect to the HOME Units;

8.8.2. are consistent with the purpose of providing affordable rental housing for Qualified Households at an Affordable Rent;

8.8.3. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a Qualifying Unit;

8.8.4. to the extent allowed by applicable federal and state fair housing laws and subject to all applicable governmental requirements and any funding obtained by Owner to operate and/or develop the Project that has been approved by the Authority and the City (including, without limitation, TCAC, CDLAC (if applicable), Internal Revenue Service and HUD requirements), among Qualified Households which are otherwise eligible to rent a Qualifying Unit, give reasonable preference and consideration to the housing needs of applicant households which are homeless or at risk of homelessness and have documentable ties to the City of Corona, including but not limited to priority placement on a written waiting list, for twenty (20) of the Qualifying Units;

8.8.5. to the extent allowed by applicable federal and state fair housing laws and subject to all applicable governmental requirements and any funding obtained by Owner to operate and/or develop the Project that has been approved by the Authority and the City (including, without limitation, TCAC, CDLAC (if applicable), Internal Revenue Service and HUD requirements), among Qualified Households which are otherwise eligible to rent a Qualifying Unit, give reasonable preference and consideration to the housing needs of applicant households residing in the City of Corona that are involuntarily displaced by natural disaster, or

by activities of the Authority or the City including but not limited to priority placement on a written waiting list;

8.8.6. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.8.4 and 8.8.5 above, insofar as is practicable;

8.8.7. give prompt written notice to any rejected applicant of the grounds for rejection;

8.8.8. provide for all of the Qualifying Units to be available for occupancy on a continuous basis to Qualified Households at an Affordable Rent; and

8.8.9. do not give preference to any particular class or group of Persons in leasing or renting the Qualifying Units, except as provided in Sections 8.8.4 and 8.8.5 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available at an Affordable Rent for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.8.4 and 8.8.5, Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit. Neither Owner nor any person claiming under or through Owner, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of any Unit, the Project or the Property. All deeds, leases or contracts made or entered into by Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of Qualifying Units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the Qualifying Units.

11. Development and Management of the Project.

11.1. Management of Project. Owner shall be responsible for management of the Project including, without limitation, the selection of Qualified Households, certification and

recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Neither Authority nor City shall have any responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by a Management Agent reasonably acceptable to Authority (on behalf of the Authority and the City), with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing. For the purposes hereof, if Owner directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner or an affiliate of a partner in Owner, such Management Agent shall be deemed approved by Authority (on behalf of the Authority and the City). If the Management Agent is an entity or person other than Owner, its employees, a partner in Owner or an entity owned or controlled by Owner or which owns and/or controls Owner, Owner shall submit for Authority's approval (on behalf of the Authority and the City) the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by Authority. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, Authority (on behalf of the Authority and the City) shall approve the proposed Management Agent by notifying Owner in writing within thirty (30) days following Owner's written request for such approval. Unless the proposed Management Agent is disapproved by Authority within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. The Authority (on behalf of the Authority and the City) hereby approves Advanced Property Services Management, Inc., as the initial property manager.

11.2. Authority Rights. If Owner directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner or an affiliate of a partner in Owner and the Authority determines Owner has not met its management responsibilities, Authority shall have the right to enter the Project, to review relevant documentation to determine if Owner is acting in a reasonable manner and to require Owner to hire a third party management company acceptable to the Authority (on behalf of the Authority and the City).

11.3. Insurance.

11.3.1. Required Insurance. Owner shall maintain, to protect Authority Parties and City Parties against all insurable Claims resulting from the actions of Owner in connection with this Regulatory Agreement, the Property and the Project, at the sole cost and expense of Owner during the Term hereof the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Automobile Liability Insurance to the extent required by this Regulatory Agreement; (c) Property Insurance; and (d) Workers Compensation Insurance. Owner shall require all subcontractors to maintain the same insurance required of Owner set forth in this Section 11.3 prior to performing any work on the Property or the Project.

11.3.2. Policy Requirements and Endorsements. All insurance policies required by this Regulatory Agreement shall contain (by endorsement or otherwise) the following provisions:

(a) *Insured*. Owner's Liability Insurance and Automobile Liability Insurance policies shall name Authority Parties and City Parties as "additional insured." Owner's Property Insurance policy shall name each of Authority and City as a "loss payee." The coverage afforded to Authority Parties and City Parties shall be at least as broad as that afforded to Owner regarding the Property and the Project and may not contain any terms, conditions, exclusions, or limitations applicable to Authority Parties and City Parties that do not apply to Owner.

(b) *Primary Coverage*. Any insurance or self-insurance maintained by Authority Parties and City Parties shall be in excess of all insurance required under this Regulatory Agreement and shall not contribute to any insurance required under this Regulatory Agreement.

(c) *Contractual Liability*. Owner's Liability Insurance policy shall contain contractual liability coverage for Owner's indemnity obligations under this Regulatory Agreement. Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve Owner from nor satisfy any indemnity obligation of Owner under this Regulatory Agreement.

(d) *Deliveries to Authority*. Owner shall deliver to Authority (on behalf of Authority and City) evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, Owner shall deliver to Authority (on behalf of Authority and City) evidence of Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to Authority (on behalf of Authority and City) by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available Owner shall notify Authority (on behalf of Authority and City) of this unavailability in writing and shall forward any notice of cancellation to the Authority (on behalf of Authority and City) within two (2) business days from date of receipt by Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to Authority Parties and City Parties pursuant to this Regulatory Agreement.

(e) *Waiver of Certain Claims*. Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their

applicable policy(ies) with a Waiver of Subrogation with respect to Authority Parties and City Parties, if not already in the policy. To the extent that Owner obtains insurance with a Waiver of Subrogation, the Parties release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Agreement.

(f) *No Claims Made Coverage*. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.3.3. Fully Paid and Non-Assessable. All insurance obtained and maintained by Owner pursuant to this Section 11.3 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.3.4. Authority and City Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of Owner to carry any insurance required by this Regulatory Agreement, Authority and City each may, at its sole option, purchase any such required insurance coverage and Authority and City, respectively, shall be entitled to immediate payment from Owner of any premiums and associated reasonable costs paid by Authority or City, respectively, for such insurance coverage. Any amount becoming due and payable to Authority or City under this Section 11.3.4 that is not paid within fifteen (15) calendar days after written demand from Authority or City for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by Authority or City to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by Owner shall not relieve Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.3.5. Separation of Insured. Owner's Liability Insurance and Automobile Liability Insurance policies shall provide for separation of insured for Owner and the Authority and City Parties. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Regulatory Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

11.3.6. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by Authority (on behalf of Authority and City). Owner shall pay all such deductibles or self-insured retentions regarding Authority Parties and City Parties or, alternatively, the insurer under each insurance policy required by this Section 11.3 shall eliminate such deductibles or self-insured retentions with respect to Authority Parties.

11.3.7. No Separate Insurance. Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this

Regulatory Agreement, unless Authority and City are each made an additional insured thereon, as required by this Regulatory Agreement.

11.3.8. Insurance Independent of Indemnification. The insurance requirements of this Regulatory Agreement are independent of Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Owner's indemnification or other obligations or to limit Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude Authority or City from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.3.9. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "XI" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. Owner may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. Owner, for itself, its successors and assigns, hereby covenants and agrees that the Project, including, without limitation those areas that are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project in contravention of the general maintenance standard described above ("**Maintenance Deficiency**"), then Authority (on behalf of Authority and City) shall notify Owner in writing of the Maintenance Deficiency and give Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. "Maintenance Deficiency" includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, Authority (on behalf of Authority and City) may thereafter conduct a hearing following transmittal of written notice thereof to Owner ten (10) calendar days prior to the scheduled date of such hearing in order to verify whether a Maintenance Deficiency exists and whether Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of the hearing, Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then Authority (on behalf of Authority and City) shall have the right to enter the Project and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by Authority to Owner, Authority shall have the right to enforce the lien in the manner as provided in Section 12.3. Any liens arising under this Section 12 shall be subject and subordinate to the liens, rights and interests of the Senior Lenders.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to Owner, Authority (on behalf of Authority and City) shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by Authority to Owner, Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys fees and costs of Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of Authority in connection with such action. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by Authority (on behalf of Authority and City) in its discretion, cumulative with any other rights or powers granted to Authority under applicable law. Nothing in the foregoing

provisions of this Section 12 shall be deemed to preclude Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the City and other applicable law.

12.4. Capital Replacement Reserve Account. Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Institutional Lenders for the Project or the investor limited partner of the Owner. Each year thereafter, Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Institutional Lenders for the Project or the investor limited partner of the Owner, but not less than Three Hundred Dollars ($300) per Unit per year. The Capital Replacement Reserve Account shall be held as required by the permanent Institutional Lender for the Project or as otherwise approved by the Institutional Lenders for the Project and the investor limited partner of the Owner (if any at such time).

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following that are provided on a Project-wide basis or a significant portion of the Project as reasonably determined by the Authority Executive Director: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes or other window coverings; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; replacement of light fixtures, replacement of cabinetry, and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently at Authority's request (on behalf of Authority and City), Owner shall document the level of capital repairs and replacements for the preceding period. Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, Owner shall notify Authority of the anticipated cash requirements which will need to be withdrawn from the

Capital Replacement Reserve Account. Amounts so budgeted and approved by Authority (on behalf of Authority and City) may be withdrawn by Owner from the indicated Capital Replacement Reserve Account without further Authority or City approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by Owner without prior Authority or City approval, but Owner shall notify Authority (on behalf of Authority and City) in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars ($25,000) in any one calendar year shall be pre-approved by Authority (on behalf of Authority and City) in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. Owner shall deliver to Authority (on behalf of Authority and City), for the Authority's reasonable review and approval, a capital needs assessment ("**CNA**") every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of Owner's actual expenditures for capital needs compared to the most recently approved CNA, Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. Owner shall make best efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of Owner's actions to conduct Repairs result in displacement of any of the Units' residents, Owner shall notify the Authority (on behalf of Authority and City) in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority (on behalf of Authority and City). Owner shall defend, indemnify and hold harmless the Authority Parties and the City Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. Owner, City and Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and the City and that each shall be deemed covenants running with the land and

shall pass to and be binding upon the Property and each successor-in-interest of Owner in the Property for the Term. Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority, City and Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority, City and Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority and City and in order to make the Property available for acquisition by Owner.

15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an "**Event of Default**" hereunder:

15.1.1. failure of Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement;

15.1.2. any warranty, representation or statement made or furnished to Authority and City by Owner under this Regulatory Agreement that is false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Owner; or

15.1.4. a Default pursuant to the Affordable Housing Agreement, subject to the rights of Senior Lenders.

15.2. Notice of Default. Authority (on behalf of Authority and City) shall give written notice of default to Owner, in accordance with Section 22, stating that such notice is a "**Notice of**

**Default**", specifying the default complained of by Authority (on behalf of Authority and City) and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, Authority (on behalf of Authority and City) may not institute legal proceedings against Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then Owner may have such additional time as authorized in writing by Authority (on behalf of Authority and City) as reasonably necessary to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. Such authorization for additional time to cure shall not be unreasonably withheld, conditioned or delayed. The Authority (on behalf of Authority and City) shall give the investor limited partner in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner a copy of any Notice (at the limited partner's address provided in a Notice by Owner to the Authority) that the Authority gives to the Developer under this Agreement, provided that Developer has provided the address and contact information for the investor limited partner in writing to the Authority;

15.2.2. The Authority will give the limited partner thirty (30) days after the limited partner's receipt of such Notice to cure a Default with respect to non-payment of any sum due under this Agreement;

15.2.3. The Authority will give the limited partner sixty (60) days after the limited partner's receipt of such Notice to cure any other default (other than those referred to in Section 15.2.2) under this Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner an additional ninety (90) days to cure such default provided the limited partner has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional as may be authorized by Authority (on behalf of Authority and City) or set forth above for the limited partner of Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by Authority (on behalf of Authority and City) in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Authority (on behalf of Authority and City) in asserting any of its rights and remedies shall not deprive Authority (on behalf of Authority and City) of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, Authority (on behalf of Authority and City) shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of Authority or City; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of Owner to Authority and City.

16.1. Rights and Remedies are Cumulative. The rights and remedies of Authority (on behalf of Authority and City) as set forth in this Section 16 are cumulative and the exercise by Authority (on behalf of Authority and City) of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of Authority or City or to compel Authority or City to enforce any provision of this Regulatory Agreement against Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by Owner, City and Authority.

19. Attorney's Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit. for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of Authority and City, shall include the salaries, costs and overhead of the Authority general counsel and City Attorney as well as any other legal counsel hired by the Authority or City in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this regulatory agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all Notices submitted by any Party to another Party pursuant to or as required by this Agreement shall be dispatched by messenger for immediate personal delivery, by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the Party, as set forth in this Section, or by email at the email address of the Party set forth in this Section. Such Notice may be sent in the same manner to such other addresses as any Party may from time to time designate by Notice. Notices shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, or two (2) calendar days after it is placed in the United States mail, as provided in this Section. Notices transmitted by electronic mail transmission shall be deemed delivered upon being sent, but only if no message of unavailability or undeliverability is received by the sending Party. Rejection, other refusal to accept or the inability to deliver any Notice because of a changed address of which no Notice was given or other action by a Person to whom Notice is sent, shall be deemed receipt of the Notice.

The following are the authorized addresses for the submission of Notices to the Parties, as of the Effective Date:

To Owner:

Second Street Family LP
414 E. Chapman Avenue
Orange, CA 92866
Attn: OHDC Second Street Family LLC
Email: ohdc@ohdcorp.com

| | |
|---|---|
| *With copies to:* | C&C Second Street Family LLC<br>14211 Yorba Street, Suite 200<br>Tustin, CA 92780<br>Attn: Todd Cottle<br>Email: Todd@c-cdev.com |
| | Goldfarb & Lipman LLP<br>1300 Clay Street, 11th Floor<br>Oakland, CA 94612<br>Attn: Lynn Hutchins<br>Email: lhutchins@goldfarblipman.com |
| To Authority: | City of Corona Housing Authority<br>400 S. Vicentia Avenue<br>Corona, CA 92882<br>Attn: Authority Executive Director<br>Email: Jacob.Ellis@CoronaCA.gov |
| *With a courtesy copy to:* | City of Corona Housing Authority<br>400 S. Vicentia Avenue<br>Corona, CA 92882<br>Attn: Authority General Counsel<br>Email: Dean.Derleth@CoronaCA.gov |

23. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Riverside.

24. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or Owner.

25. Prohibition Against Transfer.

25.1. Except as expressly provided in the Affordable Housing Agreement, Owner shall not, without prior written approval of Authority (on behalf of Authority and City), which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this

Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

25.2. In the absence of specific written agreement or approval by Authority (on behalf of Authority and City), no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve Owner or any other party from any obligations under this Regulatory Agreement.

26. City Delegation to Authority. Except as otherwise specifically provided in this Agreement and except for actions that may increase costs to the City, for ease of administration of this Agreement, the City delegates to the Authority the authority to administer this Agreement on behalf of the City and authorizes the Authority Executive Director to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the City. To the extent the authority to administer this Agreement is not delegated by the City to the Authority, the City Manager shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the City so long as such actions do not materially or substantially change the number of the Qualifying Units, the affordability of the Qualifying Units, reduce the length of affordability of the Qualifying Units, or add to the costs incurred or to be incurred by City as specified herein. The City Manager reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the City Manager determines or believes that such action could increase the risk, liability or costs to City, or change the affordability covenants or reduce the length of affordability of the Project.

27. Authority Approvals and Actions. The Authority Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the Authority and the City (to the extent not provided otherwise in this Agreement), including, without limitation, any documents necessary to implement any changes in the number or affordability of the Qualifying Units, as may be required by TCAC, so long as such actions do not reduce the length of affordability of the Qualifying Units or add to the costs incurred or to be incurred by Authority or City as specified herein. The Authority Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the Board of the Authority if the Authority Executive Director determines or believes that such action could increase the risk, liability or costs to Authority, or reduce the length of affordability of the Project.

IN WITNESS WHEREOF, Owner, Authority and City have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

**[Signatures on following pages]**

**AUTHORITY AND CITY SIGNATURE PAGE**
**TO**
**REGULATORY AGREEMENT**
**(Corona Second Street Family Apartments)**

**AUTHORITY:**

CITY OF CORONA HOUSING AUTHORITY,
a public body, corporate and politic, organized under the laws of the State of California,

By:_____ Date: _____
Jacob Ellis
Executive Director

ATTEST:

_____
Authority Secretary

**CITY:**

CITY OF CORONA,
a California municipal corporation

By:_____ Date: _____
Jacob Ellis
City Manager

ATTEST:

_____
City Clerk

**OWNER SIGNATURE PAGE**
**TO**
**REGULATORY AGREEMENT**
**(Corona Second Street Family Apartments)**

**OWNER:**

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C&C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust
its member

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Corona Second Street Family Apartments)

**Property Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[To be inserted after recordation of LLA]

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Corona Second Street Family Apartments)

**Certification of Tenant Eligibility**

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the United States Department of Housing and Urban Development ("HUD") Regulations (24 CFR 813). You should make certain that this form is at all times up-to-date with the HUD Regulations.

Re: _Second Street Family Apartments, Corona, California
I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

| **1.** | **2.** | **3.** | **4.** | **5.** |
|---|---|---|---|---|
| **Names of Members of Household** | **Relationship to Head of Household** | **Age** | **Social Security Number** | **Place of Employment** |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

6. Head of Household (check one):
Mother: ____
Father: ____
Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is $ _____.



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Included in the total anticipated income listed above are:

(a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(b) the 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);

(c) interest and dividends (including income from assets excluded below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;

(g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(h) 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

(i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

(a) casual, sporadic or irregular gifts;

(b) amounts which are specifically for or in reimbursement of medical expenses;

(c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ____ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___Yes ___No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000? ___Yes ___No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: $_____; and

(ii) the amount of such income, if any, that was included in item 6 above: $_____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*? ____Yes ____No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____Yes ____No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the ownership. For purposes of this section, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. I/we acknowledge that all of the individuals who propose to reside in the unit qualify as either a United States citizen, United States non-citizen national or a qualified alien (as that term is defined in 8 U.S.C § 1641, as amended from time to time, or any successor statute).

15. Housing Issuer Statistical Information (will be used for reporting purposes only):

Marital Status: _____

Head of Household: _____

Head of Household (Race):

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of_____, ____ in the County of Riverside, California.

_____

Applicant

_____

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: $_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance ($_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings ($_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance

(3) Enter at right the greater of the amount calculated under (1) or (2) above: $_____;

(c) TOTAL ELIGIBLE INCOME

(Line l(a) plus line 1(b)(3): $_____

2. The amount entered in l(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: $_____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

_____

Manager

The undersigned employee has applied for a rental unit located in a project financed in part by the Authority of Corona for persons of very low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

_____ _____ _____

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at **[_____]**.

_____ _____

Signature Date

Please send to: _____

_____

_____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

_____ _____

Signature Date

ATTACHMENT NO. 3

TO

REGULATORY AGREEMENT

(Corona Second Street Family Apartments)

**Certificate of Continuing Program Compliance**

**For Annual Reporting Period Ending**

The undersigned, _____, as the authorized representative of Second Street Family LP, a California limited partnership ("Owner"), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Housing Authority of the Authority of Corona ("Housing Authority"), Authority of Corona ("Authority"), as established in numerous documents including the Regulatory Agreement, dated as of _____ among Owner, Authority and Authority.

As of the date of this Certificate, the following percentage of residential units in the project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such unit, as indicated:

Number of Units occupied by Qualified Households: _____

Number of Vacant Units: _____

Number of Qualified Households who commenced

occupancy during the preceding reporting period: _____

Attached is a separate sheet ("Occupancy Summary") listing, among other items, the appropriate information for each residential unit in the Project, the occupants of each unit and the rent paid for each unit. The information contained thereon is true and accurate and reasonable and is

based on information submitted to the owner and is certified under penalty of perjury by each tenant.

**[Signatures on following page]**

The undersigned hereby certifies that (1) a review of the activities of Owner during such reporting period and of Owner's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, Owner is not in default under any of the terms and provisions of the above documents.

Dated:_____ OWNER

_____

Name:_____
Its: _____

_____

Name:_____
Its: _____

OCCUPANCY SUMMARY

Total Number of Units in the Project: _____

Total Units occupied by Qualified Households: _____

Total Units available for rent to Qualified Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

A. Resident and rental information on each occupied apartment in the complex.

B. Certification of Tenant Eligibility for all Qualified Households who have moved into _____, Corona, California, since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated:_____

OWNER

_____

Name:_____
Its: _____

_____

Name:_____
Its: _____

**EXHIBIT "F"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**LAND NOTE**

**[SEE ATTACHED ~~SEVEN~~EIGHT (~~7~~8) PAGES]**



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**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING ~~DISPOSITION~~DISPOSITION AND DEVELOPMENT ~~AGREEMENT~~ AGREEMENT**

**LAND PROMISSORY NOTE SECURED BY DEED OF TRUST**

**(Corona Second Street Family Apartments)**

| | |
|---|---|
| **Principal Amount**: $~~_____.00~~4,030,000.00 | **Date of Note**: _____, 202__ |
| **Maker**: SECOND STREET FAMILY LP, a California limited partnership | **Lender**: CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California; and<br><br>CITY OF CORONA, a California municipal corporation |
| **Maturity Date**: _____ | **Interest Rate**: One~~-~~ Percent (1%) |

1. Housing Authority Land Loan.

FOR VALUE RECEIVED, the undersigned, Second Street Family LP, a California limited partnership ("**Maker"),** with its principal place of business located at 414 E. Chapman Avenue, Orange, CA 92866, promises to pay to the CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California, a municipal corporation ("**Authority**") and the CITY OF CORONA, a California municipal corporation ("**City**" and collectively with the Authority "**Holder**") at 400 S. Vicentia Avenue, Corona, California, 92882, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of ~~_____~~FOUR MILLION THIRTY THOUSAND DOLLARS ($~~_____~~4,030,000.00) (the "**Land Loan**"), together with any accrued interest, if applicable, as set forth in this Promissory Note. This Promissory Note (the "**Note**") is made and given pursuant to that certain First Amended and Restated Affordable Housing Disposition and Development Agreement among the Authority, the City of Corona, a California municipal corporation and Maker, dated _____, ~~2024~~2025 (the "**Affordable Housing Agreement**"). The Affordable Housing Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Affordable Housing Agreement. The Land Loan is made for the conveyance of the Property by Authority to Maker in accordance with the terms and conditions of the Affordable Housing Agreement.

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest, if any, and principal shall be due and payable in full without any further demand or notice fifty-five (55) years from the date on which the Certificate of Completion is issued ("**Maturity Date**").

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Security for Note**.**

This Note is secured by a Deed of Trust executed by Maker which creates a lien on that certain real property as described therein and in the Affordable Housing Agreement.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of one percent (1%) per annum on the basis of actual days in a 365 day year, except in the case of Default as set forth in Section 9 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Annual Payment.

Following completion of the Project as evidenced by the issuance ~~by~~of the ~~City of a~~ Certificate of ~~Occupancy as defined in Section 111.2 of the California Building Code, 2013 Municipal Code~~Completion pursuant to the Affordable Housing Agreement, and continuing each year thereafter until the Maturity Date, a portion of the Residual Receipts (as defined below) from the Project shall be paid to Holders and applied to pay down the amounts due and owing under this Note. The payments described below shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of ~~Occupancy~~Completion for the Project, and continuing each year thereafter.

a. Annual Payments from Residual Receipts. After the Fee Deferral Note and the HOME-ARP Note have been paid in full, Maker shall make repayments of the outstanding principal and accrued interest of this Note, if any, as follows:

(i) an amount equal to the product of thirty percent (30%) times the Authority/City's Share of Fifty Percent (50%) of the Residual Receipts from the Project shall be paid to the City as repayment of amounts due and owing under this Note; and

(ii) an amount equal to the product of seventy percent (70%) times the Authority/City's Share of Fifty Percent (50%) of the Residual Receipts from the Project shall be paid to the Authority as repayment of amounts due and owing under this Note.

For the purposes of this Note, "**Authority/City's Share**" means seventy-nine and eighty-two hundredths percent (79.82%), which is the percentage calculated by dividing (1) the total sum of the original principal amounts of the Fee Deferral Loan, the HOME-ARP Loan, the Land Loan and the Project Loan by (2) the sum of the principal amounts of all loans from all government entities obtained by the Maker for the Project to the extent not requiring a mandatory debt service payment.

Such annual payments shall be accompanied by the Maker's report of Residual Receipts. The Maker shall provide the Holder with the audited financial statement provided for in Section 6, and any other documentation reasonably requested by Holder to substantiate the Maker's determination of Residual Receipts.

All payments made hereunder shall be credited first to any accrued but unpaid interest (if applicable), then to current interest due and owing and lastly to principal. Interest not paid current each year shall be added to and thereafter be considered additional principal due hereunder.

Notwithstanding the foregoing, the entire outstanding balance of principal and any interest owing under this Note shall be due and payable in full fifty-five (55) years from the date ~~hereof~~of issuance of the Certificate of Completion.

Prior to any sale of all or any portion of the Project, or Refinancing of all or any portion of the outstanding debt from the Project, and so long as there is any outstanding amount due and owing under this Note, Maker shall notify Holder of any such proposed or intended sale or Refinancing. The Executive Director shall have the right to review all documents related to and to approve or disapprove any Refinancing that will increase the interest rate or increase the outstanding principal amount of such outstanding debt or cause or require the release or withdrawal of cash or equity from any part of the Project. The Executive Director shall reasonably consider any such proposed Refinancing based on an economic evaluation conducted by City's economic consultant that analyzes the effect of the proposed Refinancing (i) the availability of Residual Receipts to repay this Note (and any other subordinate loans), (ii) the availability of Cost Savings, and (iii) the ability of Maker to repay any outstanding debt or other liens, if any, against the Project or Property as such payment becomes due. In such event, Maker and Holder shall meet and confer, and shall use good faith efforts, to determine the feasibility of the payoff or restructuring of the remaining balance owing under this Note as part of any such sale or Refinancing to provide for repayment of this Note sooner than the fifty-five (55) year repayment period. Nothing herein shall be construed or interpreted to give the Executive Director with the authority to review and approve (or disapprove) a Refinancing that includes in any manner the Resyndication of the Project.

b. Definition of Residual Receipts. For the purposes of this Note, "**Residual Receipts**" shall mean the sum of money computed as follows:

(i) All rents, revenues, consideration or income (of any form) received by Maker in connection with or relating to the ownership or operation of the Project, including any Net Refinancing Proceeds and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) ("Gross Revenue") less all of the following: all customary and reasonable costs and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for Property Insurance and Liability Insurance; the normally amortized principal and interest payments due on mortgages that are Senior to this Note; utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services in an amount approved as part of the Annual Budget; payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and operating deficit loans relating to the Project in an amount approved as part of the Annual Budget; tax credit adjusters required by the Maker's partnership agreement; asset management fee payable to the limited partner of Maker and partnership management fee payable to Maker, which fees together shall not exceed Thirty Thousand Dollars ($30,000) per year during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to two and one-half percent (2.5%) per year with any greater amount to be approved by the Authority in the Annual Budget; reasonable property management fees not to exceed Seventy Dollars ($70) per unit per month during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to three percent (3%) per year or greater amount as approved by the Authority in the Annual Budget; deferred Developer Fee in an amount in an amount approved as part of the Project Budget (as defined in the Affordable Housing Agreement); amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the Authority for the Project (collectively, "Operating Expenses").

(ii) Notwithstanding the generality of the foregoing, the following items shall not be considered Operating Expenses for purposes of computing Residual Receipts:

(A) Payment of any fees or expenses or of any portion of the Residual Receipts to Maker or any affiliate of Maker, except as specifically set forth herein;

(B) Income taxes imposed upon Maker's income;

(C) Payment of principal or interest on any indebtedness of Maker to any Lender, including any affiliate of Maker (individual or entity) or partner of Maker, except as specifically approved by Holder in writing or otherwise set forth herein; and

(D) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

6. Audited Financial Statement.

Maker shall annually provide Holder with an audited financial statement documenting the calculation of Residual Receipts for the previous calendar year ending December 31. The audited financial statement shall be provided on or before April 1, together with payment of the Residual Receipts payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Residual Receipts payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Annual Budget.

Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project ("**Annual Budget**") no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. Holder will review the Annual Budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the Annual Budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total Annual Budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Acceleration Upon Certain Events or Upon Default.

In the event of any Default under the terms of this Note, the Affordable Housing Agreement or the Regulatory Agreement, the Deed of Trust which is the security for this Note, or under any Senior loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Default, and such Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this Note shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this Note or any part thereof or interest therein, without first obtaining the prior written consent of the Holder (except for a Permitted Transfer, as defined in the Affordable Housing Agreement), then, at the option of the Holder, all principal

and interest due hereunder shall immediately become due and payable upon thirty (30) days written notice from the Holder to the Maker. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the Affordable Housing Agreement shall not constitute a Default hereunder or under the Affordable Housing Agreement, and any such action shall not accelerate the maturity of this Note, provided that any transfer is either a Permitted Transfer as defined in the Affordable Housing Agreement or is reasonably acceptable to the Authority with reasonable promptness, and any transferee under such a transfer agrees to be bound by any and all instruments in favor of the Authority.

9. Interest on Default.

From and after a Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

10. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys fees in any action to enforce payment of this instrument.

11. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Note.

12. Indemnification.

Maker shall indemnify, defend, protect and hold the Authority harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or related agreements; (ii) intentional bad faith waste of the real property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from

Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note and the Affordable Housing Agreement.

13. Nonrecourse.

This Note shall become a nonrecourse obligation of Maker on the date that Maker files a valid and timely Notice of Completion for the Project and the Holder must resort only to the Project or the Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby. At such time as this Note becomes nonrecourse, neither Maker nor any of its general and limited partner shall have any personal liability for repayment of the Land Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud, material misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or any other agreements or documents provided in connection therewith; (ii) intentional bad faith waste of the Property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such breach.

14. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

15. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of Default hereunder.

**[Signatures on Following Page]**

MAKER:

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust.
its member

**EXHIBIT "G"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**DEED OF TRUST**

**[SEE ATTACHED ~~SIXTEEN~~TWELVE (~~16~~12) PAGES]**

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Corona Housing Authority
400 S. Vicentia Avenue
Corona, CA 92882
Attn: Executive Director

APNs:

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383 AND §27388.1(a)(2)(D)

# DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS)

(Corona Housing Authority & City of Corona – Corona Second Street Family Apartments)

This Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) ("Deed of Trust") is dated as of _____, 202_, by Second Street Family LP, a California limited partnership, whose address is 414 E. Chapman Avenue, Orange, CA 92866 ("Trustor"), to _____ ("Trustee"), for the benefit of the City of Corona Housing Authority, a public body, corporate and politic, organized under the laws of the State of California ("Authority"), whose address is 400 S. Vicentia Avenue, Corona, CA 92882 and the City of Corona, a municipal corporation ("City, and together with the Authority, the "Beneficiary"), and is executed to secure those four certain Promissory Notes each of even date herewith and executed by the Trustor, one payable to the City and the Authority in the principal amount of Four Million Thirty Thousand Dollars (~~$4,000,000.00~~4,030,000.00), one payable to the City in the principal amount of Five Hundred ~~Twenty Nine~~Thirty One Thousand ~~Eight~~Five Hundred ~~Seventy Five~~Ninety-One and Fifteen Hundredths Dollars (~~$529,875.00~~531,591.15), one payable to the City in the principal amount of ~~____~~Two Million Dollars (~~$_____~~) ~~[not to exceed~~ $2,000,000.00),~~]~~ and one payable to the Authority in the principal amount of Seven Million Five Hundred Thirty-Five Thousand Two Hundred Eighty Dollars ($7,535,280.00) respectively, executed by Trustor in favor of Beneficiary (such Promissory Notes, as it may from time to time be supplemented, amended extended, renewed or otherwise modified), the provisions of which are incorporated in the Deed of Trust by this reference.

This Deed of Trust is made with respect to that certain "First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments)" dated _____, ~~2024~~2025, for reference purposes only, between the Trustor, the Beneficiary and the City of Corona, a California municipal corporation ("City") (the "Affordable Housing Agreement").

Trustor hereby IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, the following property ("Trust Estate"):

(a) All of that certain real property in the City of Corona, County of Riverside, State of California, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof ("Subject Property");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property ("Improvements");

(c) All tenements, hereditament, appurtenances, privileges, franchises and other rights and interests now or in the future benefitting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights ("Appurtenances"). (Appurtenances, together with the Subject Property and the Improvements, are hereafter collectively referred to as the "Real Property");

(d) Subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management operation, leasing or occupancy of the Trust Estate, including those past due and unpaid ("Rents");

(e) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code ("UCC"), whether existing now or in the future) located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property ("Goods," and together with the Real Property, collectively the "Property"); and

(f) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement

plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other

rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (collectively, "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following: (a) payment of that certain Land Promissory Note dated _____, 202__ to the City and the Authority in the original principal amount of Four Million Thirty Thousand Dollars ($~~4,000,000.00~~4,030,000.00) (the "Land Note"), (b) payment of that certain Project Promissory Note dated _____, 202_ to the Authority in the original principal amount of Seven Million Five Hundred Thirty-Five Thousand Two Hundred Eighty Dollars ($7,535,280.00) (the "Project Note"), (c) payment of that certain HOME-ARP Promissory Note to the City in the principal amount of Five Hundred ~~Twenty Nine~~Thirty One Thousand ~~Eight~~Five Hundred ~~Seventy-Five~~Ninety-One and Fifteen Hundredths Dollars ($~~529,875.00~~531,591.15) (the "HOME-ARP Note", (d) payment of that certain Fee Deferral Promissory Note to the City in the principal amount of ~~_____~~Two Million Dollars (~~$_____) [not to exceed~~ $2,000,000~~]~~ .00) (the "Fee Deferral Note", and together with the Land Note, the Project Note, and the HOME-ARP Note, referred to herein as the "Notes"); and (e) due, prompt and complete observance, performance and discharge of each and every monetary and non-monetary condition, obligation, covenant and agreement contained herein or contained in the Affordable Housing Agreement. The Affordable Housing Agreement, that certain Regulatory Agreement (Corona Second Street Family

Apartments) dated _____ __, ~~2024~~202 _, for reference purposes only, between the Trustor, the Beneficiary and the City ("Regulatory Agreement") and the Notes (collectively, "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof, however evidenced.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall perform its obligations as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. This Deed of Trust shall cover, and the property subject hereto shall include all property now or hereafter affixed or attached to or incorporated upon the Subject Property in, to or under which Trustor now has or hereafter acquires any right, title or interest, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Subject Property. To the extent any of the property subject to this Deed of Trust consists of rights in action or personal property covered by the UCC, this Deed of Trust shall also constitute a security agreement, and Trustor hereby grants to Beneficiary, as secured party, a security interest in such property, including all proceeds thereof, for the purpose of securing the Secured Obligations. In addition, for the purpose of securing the Secured Obligations, Trustor hereby grants to Beneficiary, as secured party, a security interest in all of the property described herein in, to, or under which Trustor now has or hereafter acquires any right, title or interest, whether present, future or contingent, including, but not limited to, all equipment, inventory, accounts, general intangibles, instruments, documents and chattel paper, as those terms are defined in the UCC, and all other personal property of any kind (including, without limitation, money and rights to the payment of money), whether now existing or hereafter created, that are now or at any time hereafter (i) in the possession or control of Beneficiary in any capacity; (ii) erected upon, attached to or appurtenant to the Subject Property; (iii) located or used on the Subject Property or identified for use on the Subject Property (whether stored on the Subject Property or elsewhere); or (iv) used in connection with, arising from, related to, or associated with the Subject Property or any of the personal property described herein, the construction of any improvements on the Subject Property, the ownership, development, maintenance, management or operation of the Subject Property, the use or enjoyment of the Subject Property or the operation of any business conducted thereon, including, without limitation, all such property described as the Trust Estate hereinabove. The security interests granted in this Paragraph 3 are hereinafter severally and collectively called the "Security

Interest". The Security Interest shall be self-operative with respect to the real property described herein but Trustor shall execute and deliver on demand such additional security agreements, financing statements and other instruments as may be requested in order to impose the Security Interest more specifically upon the real and personal property encumbered hereby. The Security Interest, at all times, shall be prior to any other interest in the personal property encumbered hereby. Trustor shall act and perform as necessary and shall execute and file all security agreements, financing statements, continuation statements and other documents requested by Beneficiary to establish, maintain and continue the perfected Security Interest. Trustor, on demand, shall promptly pay all costs and expenses of filing and recordation, to ensure the continued priority of the Security Interest. Trustor shall not sell, transfer, assign or otherwise dispose of any personal property encumbered hereby without obtaining the prior written consent of Beneficiary, except that the Trustor may, in the ordinary course of business, replace personal property or dispose of personal property that will not be replaced because of its obsolescence. Unless Beneficiary then agrees otherwise in writing, all proceeds from any permitted sale or disposition in excess of that required for full replacement shall be paid to Beneficiary to be applied on the Notes subject to the rights of any senior lenders. Although proceeds of personal property are covered hereby, this shall not be construed to mean that Beneficiary consents to any sale of such personal property. Upon its recordation in the real property records of Riverside County, this Deed of Trust shall be effective as a financing statement filed as a fixture filing. In addition, a carbon, photostatic or other reproduced copy of this Deed of Trust and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement;

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations;

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements now existing or hereafter erected on the property insured against loss by fire and such other hazards, casualties, and contingencies as may be required by applicable provisions of the Secured Obligations, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies, if requested, shall be deposited with the Beneficiary;

7. To pay before delinquency any taxes and assessments affecting said Property; to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Paragraph 7;

8. As it is provided more specifically in the Secured Obligations, to keep said property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings 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 (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law and/or covenants, conditions and/or restrictions affecting said property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon said property without the consent of the Beneficiary;

9. 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 reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do 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. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee, being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest 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, may pay necessary expenses, employ counsel, and pay his reasonable fees;

11. Beneficiary shall have the right to pay all insurance premiums required by the Secured Obligations when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the sums secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure, at the highest rate of interest permitted by law;

13. That the funds to be advanced hereunder are to be used in accordance with applicable provisions of the Secured Obligations; upon the failure of Trustor to do so, after the giving of notice and the expiration of any applicable cure period, Trustor shall be in default hereunder;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as authorized by Beneficiary and/or as provided in the Secured Obligations and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request prior to foreclosure) record in the Office of the Recorder of Riverside County, a surety bond in the amount required by law to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by this Deed of Trust and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

16. Trustor confirms that if Trustor should sell, enter into a contract of sale, convey, or in any way transfer all or any interest of Trustor in the Real Property encumbered by this Deed of Trust or suffer Trustor's title or any interest therein to be divested, whether voluntarily or involuntarily, unless the same is a Permitted Transfer as defined in the Affordable Housing Agreement, without the prior written consent of the Beneficiary being first obtained, then Beneficiary shall have the right, at Beneficiary's sole option, to declare all sums payable under the Notes secured hereby immediately due and payable in full, irrespective of the maturity date otherwise specified in the Notes. No waiver of this right shall be effective unless in writing and signed by the Beneficiary. Consent by the Beneficiary to any one such transaction shall not be deemed a waiver of the right to require such consent to future or successive transactions. Further, upon default under one of the Secured Obligations, and after the giving of notice and the expiration of any applicable cure period provided therein, the Beneficiary, at its option, may

declare the whole of the indebtedness secured hereby to be immediately due and payable in full, irrespective of the maturity date otherwise specified in the Notes;

17. As provided more specifically in the Secured Obligations, should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of any senior lenders, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage subject to the rights of any senior lenders. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary subject to the rights of any senior lenders;

18. Notwithstanding Sections 16 and 17, in the event that a portion of the Property is taken for a public improvement or pursuant to a condemnation proceeding and the Qualifying Units (as defined in the Regulatory Agreement) remain intact and continue to be owned and operated by Trustor in conformance with the Affordable Housing Agreement and the Regulatory Agreement, Beneficiary shall not declare all sums due and payable under the Notes, nor shall the Beneficiary be entitled to any compensation, awards and other payments therefor, provided that such compensation, awards and other payments are used for (1) paying principal and interest owed on the Permanent Loan (as defined in the Affordable Housing Agreement), (2) making improvements to the Property that are approved by Beneficiary, in its reasonable discretion, or (3) payment of principal owing under the Notes. In the event that Trustor receives such compensation, awards or other payments and fails to expend the funds in conformance with subsections (1) and (2) this section within thirty (30) days of receipt of such funds, Trustor shall be in default under this Deed of Trust.

19. Upon default by Trustor in taking any action or in making any payments provided for herein, or in the Secured Obligations, if Trustor shall fail to perform any covenant or agreement in this Deed of Trust within thirty (30) days after written demand therefor by Beneficiary (or, in the event that more than thirty (30) days is reasonably required to cure such default, should Trustor fail to promptly commence such cure, and diligently prosecute same to completion), after the giving of notice and the expiration of any applicable cure period,

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 the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby;

20. 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 and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate allowed by law; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust 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 include not only the original Beneficiary hereunder but also any future successor in interest to Beneficiary. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

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

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the address set forth in the Deed of Trust;

28. Trustor agrees at any time and from time to time, upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary;

29. Trustor agrees that the obligations secured by this Deed of Trust are made expressly for the purpose of acquiring the Property and completing the construction work necessary to construct a new 110-unit (including 1 manager's unit) affordable housing development on the Property, as is more specifically provided in the Secured Obligations;

30. As is provided more specifically in the Secured Obligations, the obligations of Trustor thereunder are nonrecourse obligations of the Trustor. The sole recourse of Beneficiary shall be the exercise of its rights against the Property;

31. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; 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, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the Authority or any other public or governmental agency or entity (except that any act or failure to act of Beneficiary shall not excuse performance by Beneficiary unless such act or failure to act is allowed or required by law); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party

more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Deed of Trust may also be extended in writing by the Beneficiary and Trustor;

32. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations;

33. (a) Subject to the extensions of time set forth in Paragraph 31, and subject to the further provisions of this Paragraph 33, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust;

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default;

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies;

(d) If an event of default occurs under the terms of this Deed of Trust, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under this Deed of Trust. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within thirty (30) days after the notice of default is first given;

(e) If an event of default occurs under the terms of the Secured Obligations, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor notice of such default. As is provided more specifically in the Secured Obligations, if the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by the Beneficiary under the Secured Obligations, or this Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by

Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

34. This Deed of Trust shall be subject and subordinate to the terms of that certain extended use agreement executed by the Trustor in connection with the Trustor's allocation of low-income housing tax credits under Section 42 of the Code (the "Extended Use Agreement"). If Beneficiary or its successors or assigns (collectively, the "Subsequent Owner') acquires the Property by foreclosure (or instrument in lieu of foreclosure), then the "extended use period" (as defined in Section 42(h)(6)(D) of the Internal Revenue Code) shall terminate, except for the obligation of the Subsequent Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the Subsequent Owner's acquisition of the Property, as set forth in Section 42(h)(6)(E)(ii) of the Internal Revenue Code. As provided in the Affordable Housing Agreement, upon request when appropriate, Beneficiary shall execute such documentation as is necessary to subordinate this Deed of Trust to a Senior Loan.

[**Signatures on Following Page**]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first set forth above.

**TRUSTOR:**

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: _____
Todd R. Cottle, Trustee of the 2007
Todd R. Cottle and Jennifer N. Cottle
Revocable Trust. its member,
its member

**[SIGNATURES MUST BE NOTARY ACKNOWLEDGED]**

EXHIBIT A TO
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)
(Corona Second Street Family Apartments)

## Legal Description of Subject Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**EXHIBIT "H"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**PROJECT SCOPE OF DEVELOPMENT**

**[SEE ATTACHED ~~TWO~~FOUR (~~2~~4) PAGES]**

## PROJECT SCOPE OF DEVELOPMENT

The 115-unit affordable family project will be situated on about 4 acres of the overall site and will be developed by the Developer. It consists of 115 units with 6 studio, 18 one-bedroom, 46 two-bedroom, and 45 three-bedroom units in five residential buildings. Large family units will be provided to serve the needs of Corona families and to assist in the financing structure. In addition to serving traditional families, to achieve the City's goal of serving homeless families or families at risk of homelessness, the development includes a preference for 20 families that are either currently homeless or at risk of homelessness.

The buildings are oriented towards Second Street and Buena Vista Avenue which provides for consistent massing and street presence across the entire site. Three of the buildings are situated around a central courtyard which includes open space and a pool. Parking has been placed along the southern boundary of the property providing for a buffer between the residential units and Corona-Norco School District school and corporation yard facilities.

The community has been designed to accommodate small to large families. In addition to large family sized units, unit amenities will include energy efficient appliances and HVAC systems to decrease residents' utility costs, the use of low Volatile Organic Compound (VOC) and other sustainable building products to improve resident's indoor environmental air quality, recessed lighting, durable plank vinyl flooring, large windows for natural lighting, and shaded balconies.

The property will have a number of site amenities including an on-site manager with a free-standing leasing office building, tot lot, BBQ pavilion, pool, drought tolerant landscaping, community room with kitchen, and a technology lab. Site amenities have been designed to complement what has previously been provided at the Citrus Circle community directly across the street. Residents of both communities will be able to access the site amenities whether it's programming, swimming in the pool, or dropping in for a parenting or ESL class.

The Second Street project will have a multipurpose room and community center which will be operated by the YMCA or alternative service provider. The proposed services encompass a wide breadth of programs at the location with the goal to complement and not duplicate existing programs in the surrounding community. The proposed initial services fall into two main categories, Adult/Family Education and Health and Wellness as follows:

### Adult/Family Education

Teens and Young Adults

- Leadership and Fellowship Classes (Functional Strength, Bootcamp, Beginner/Advanced Strength classes, Teen Fellowship, Teen Conditioning)
- eSports
- Innovation Space
- Teen Scholar Program

All Ages

- Volunteer programs (food insecurity, collaboration with local police and fire departments)
- Nutrition classes: Diabetes Prevention, Healthy Weight for your Kids, Senior Health, Family Cooking, Meal Prep Classes.

**Health/Wellness**

All Ages

- Personal Trainer/Partner Training
- Physical Therapist Seminars
- Blood Pressure Monitoring Program

Seniors

- Low impact Group Exercise classes (Chair balance, TRX for Beginners, Stability and Mobility, Chair Yoga).
- Fellowship classes (Technology classes and coffee social hour.)

Families

- Family Fitness
- Kids Yoga

The programs will be available to residents at Citrus Circle, Second Street, and Meridian Apartments complexes

The recreation parcel (APN 118-302-030) will feature a central open space surrounded by shade and seating, citrus fruit trees, and native landscape materials. The space can be programmed for various activities such as free play for children, outdoor activities for older children and adults, and other outdoor activities.

The Social Services provider will reach out to the City Volunteer Coordinator to discuss ways to partner and bring different services and opportunities to residents on a regular basis.

The site is well located in the heart of Corona. The property is within walking distance to grocery stores, public transit, community-serving retail, Corona City Hall, YMCA facilities, Historic Civic Center facilities (programmed by the City to host community events year-round), non-profit services providers, and the Corona-Norco Adult education center.

Developer will engage with the Corona Norco Unified School District's Adult Education Center located at 300 E. Buena Vista, Corona, CA 92882 to help ensure residents are aware of the Adult Education opportunities the school provides such as certificates in Accounting, Computer Skills, welding, and construction.

The site will be designed for ADA path of travel, so that disabled residents can have unimpaired access throughout the site. Handicap parking spaces will be provided along with truncated domes on sidewalks for vision impaired individuals. 2% of the units will be configured for visual and hearing impaired individuals. 5% of the units will be designed to Uniform Federal Accessibility Standards (UFAS) or to current state and/or tax credit financing requirements, whatever is most restrictive. In addition, all ground floor and elevator accessible units will be adaptable for wheelchair or disabled residents.

**Affordable Family Development Summary**:

| | |
|---|---|
| ❖ Number of Units | 115 |
| ❖ Residential Square Footage | approx. 110,727 sf |
| ❖ Number of Structures | 5 |
| ❖ Unit Sizes (BR/BA) | Studios: 601 sf<br>1/1: 764 sf<br>2/1: 939 sf<br>3/2: 11,115 sf |
| ❖ Unit Mix (BR/BA) | Studios/1: 6 \| 1/1: 18 \| 2/1: 46 \| 3/2: 45 |
| ❖ Community Rooms | 1 + Leasing Office + Technology Room + Laundry Room |
| ❖ Recreational Areas on Family Apartment Parcel | BBQ Pavilion, Outdoor Shaded Seating, Pool, Tot Lot, Open Space |
| ❖ Recreational Areas on Recreation Parcel | Central open space surrounded by shade and seating |
| ❖ Parking | 190 Total Spaces (1.73 spaces/unit) |
| ❖ Target Population | Low, Very Low and Extremely Low Families<br>20 Unit Preference for At Risk of Homelessness or Homeless Families |

**Unit Mix**

**Affordability**

| Unit Type | 30% AMI | 50% AMI | 60% AMI | 70% AMI | Manager | Total |
|---|---|---|---|---|---|---|
| Studios | 1 | 1 | 3 | 1 | | 6 |
| One Bedroom | 1 | 1 | ~~14~~9 | ~~2~~7 | | 18 |
| Two Bedroom | 5 | 5 | ~~31~~16 | ~~5~~20 | | 46 |
| Three Bedroom | 5 | 5 | ~~29~~14 | ~~5~~20 | 1 | 45 |
| **Total** | **12** | **12** | **~~77~~42** | **~~13~~48** | **1** | **115** |

**EXHIBIT "I"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**NOTICE OF AGREEMENT**

**[SEE ATTACHED ~~EIGHT~~FIVE (~~8~~5) PAGES]**

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Corona Housing Authority
400 S. Vicentia Ave.
Corona, CA 92882
Attn: Executive Director

---

APNs:

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383 AND §27388.1(a)(2)(D)

**CITY OF CORONA HOUSING AUTHORITY**

**NOTICE OF AGREEMENT**
First Amended and Restated
Affordable Housing Disposition and Development Agreement
(Corona Second Street Family Apartments)

**TO ALL INTERESTED PERSONS PLEASE TAKE NOTICE** that as of _____, 202_, CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California (the "**Authority**"), the CITY OF CORONA, a California municipal corporation (the "C**ity**") and SECOND STREET FAMILY LP, a California limited partnership ("**Developer**"), entered into an agreement entitled "First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments)" dated _____, ~~2024~~2025 (the "**Agreement**"). A copy of the Agreement is on file with the City Clerk of the City and is available for inspection and copying by interested persons as a public record of the City at the City's offices located at 400 S. Vicentia Ave., Corona, CA 92882, during the regular business hours of the City.

The Agreement affects the real property described in Attachment No. 1 attached to this Notice of Agreement (the "**Property**"). The meaning of defined terms, indicated by initial capitalization, used in this Notice of Agreement shall be the same as the meaning ascribed to such terms in the Agreement.

PLEASE TAKE FURTHER NOTICE that the Agreement contains certain affordable housing restrictions and other covenants that run with the land of the Property and other agreements between the Developer and the Authority affecting the Property, which restrict the price and terms at which residential units on the Property may be rented. These restrictions may limit the sales price or rents of the Property to an amount which is less than the fair market value of the Property. These restrictions limit the income of persons and households who are permitted to rent residential units on the Property. This Notice does not contain a full description of the details of all of the terms and conditions of the Agreement. You

will need to obtain and read the Agreement to fully understand the affordable housing restrictions and requirements which apply to the Property.

THIS NOTICE OF AGREEMENT is dated as of _____, 202__, and has been executed on behalf of the Developer, the Authority and the City by and through the signatures of their authorized representative(s) set forth below. This Notice of Agreement may be executed in counterparts and when fully executed each counterpart shall be deemed to be one original instrument.

**[Signatures on Following Pages]**

**CITY AND AUTHORITY SIGNATURE PAGE**
**TO**
**NOTICE OF AGREEMENT**
First Amended and Restated
Affordable Housing Disposition and Development Agreement
(Corona Second Street Family Apartments)

Authority, City and Developer have signed this Notice of Agreement by and through the signatures of their authorized representative(s) set forth below:

**AUTHORITY:**

CITY OF CORONA HOUSING AUTHORITY,
a public body, corporate and politic, organized under the laws of the State of California,

By:_____ Date: _____
Jacob Ellis
Executive Director

ATTEST:

_____
Authority Secretary

**CITY:**

CITY OF CORONA,
a California municipal corporation

By:_____ Date: _____
Jacob Ellis
City Manager

ATTEST:

_____
City Clerk



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REDLINE 4041745.1
1603\62\4041746.1

**DEVELOPER SIGNATURE PAGE**
**TO**
**NOTICE OF AGREEMENT**
First Amended and Restated
Affordable Housing Disposition and Development Agreement
(Corona Second Street Family Apartments)

**DEVELOPER:**

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust,
its member

**[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]**

ATTACHMENT NO. 1
TO
NOTICE OF AGREEMENT
First Amended and Restated
Affordable Housing Disposition and Development Agreement
(Corona Second Street Family Apartments ~~s~~)

**Property Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:



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**EXHIBIT "J"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**CERTIFICATE OF COMPLETION**

**[SEE ATTACHED THREE (3) PAGES]**



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REDLINE 4041745.1
1603\62\4041746.1

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Corona Housing Authority
400 S. Vicentia Ave.
Corona, CA 92882
Attn: Executive Director

---

APNs:

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383 AND §27388.1(a)(2)(D)

**CERTIFICATE OF COMPLETION**
**(Corona Second Street Family Apartments)**

I, _____, Executive Director of the City of Corona Housing Authority ("Authority"), certify as follows:

Section 1. This Certificate of Completion is made with respect to that certain First Amended and Restated Affordable Housing Disposition and Development Agreement dated _____, ~~2024~~2025 ("Agreement") by and among the Authority, the City of Corona ("City"), and Second Street Family LP ("Developer"). The Agreement is an official record of the Authority and a copy of the Agreement may be inspected in the office of the Authority Secretary, located at 400 S. Vicentia Avenue, Corona, California, during regular business hours. All capitalized terms not otherwise defined in this certificate shall have the same meaning as ascribed to those terms in the Agreement.

Section 2. The development of that certain real property ("Property") described in Attachment No. 1 to this Certificate of Completion, which includes the construction of an one hundred fifteen (115) unit multifamily residential development on the Property and associated common areas to provide rental housing to low income households ("Project") as required in accordance with the Agreement has been completed in accordance with the provisions of the Agreement.

Section 3. Pursuant to Section 4.11 of the Agreement, on behalf of Authority, this Certificate of Completion is a conclusive determination of the satisfactory completion of Developer's obligation to complete the Project on the Property; provided, however, that Authority and City may enforce any covenants and obligations surviving this Certificate of Completion in accordance with the terms and conditions of the Agreement and the Regulatory Agreement.

**SIGNATURE PAGE**
**TO**
**CERTIFICATE OF COMPLETION**
**(Corona Second Street Family Apartments)**

DATED AND ISSUED this ____ day of _____.

Dated: _____ By: _____
Name: _____
Executive Director

ATTEST:

_____
Authority Secretary

**[SIGNATURE MUST BE NOTARY ACKNOWLEDGED]**

ATTACHMENT NO. 1

TO

CERTIFICATE OF COMPLETION

Legal Description of the Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**EXHIBIT "K"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**DEVELOPER OFFICIAL ACTION**

**[SEE ATTACHED TWO (2) PAGES]**



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REDLINE 4041745.1
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## DEVELOPER OFFICIAL ACTION

The undersigned do hereby certify that Second Street Family LP will serve as the Developer of the Second Street Family Apartments under the Agreement described below. No consent or approval of any other person is required for the undersigned to make the certifications set forth in this Certificate.

Each of us, only on behalf of the entity identified below, further certify that the following named person(s):

1. Eunice Bobert, as the Chief Executive Officer of Orange Housing Development Corporation, the sole member and manager of OHDC Second Street Family LLC, the managing general partner of the Developer; and

2. Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust as a member of C & C Development Co., LLC, the sole member and manager of C&C Second Street Family LLC, the managing general partner of the Developer

are, without any additional or further consent of any person, authorized and empowered for and on behalf of and in the name of the respective entity set forth above to: (1) sign and deliver that certain First Amended and Restated Affordable Housing Disposition and Development Agreement (Corona Second Street Family Apartments), dated as of _____, ~~2024~~2025 ("**Agreement**"), regarding the development of certain real property located in the City of Corona, California, and performance of other obligations of the "Developer" as set forth in the Agreement; (2) sign and deliver all other documents on behalf of the respective entity identified set forth above to be signed or executed in connection with the transactions contemplated in the Agreement; and (3) take all actions on behalf of the respective entity identified above that may be considered necessary to conclude the transactions and complete the development contemplated in the Agreement.

The authority conferred and certified to in this Certificate shall be considered retroactive and any and all acts authorized in this Certificate that were performed before the execution of this Certificate are approved and ratified by each entity identified above. The authority conferred and certified to in this Certificate shall continue in full force and effect until the Executive Director of the City of Corona Housing Authority receives written notice of the revocation of this Certificate.

We further certify that the activities covered by the authorities conferred and certified to in this Certificate and the foregoing certifications constitute duly authorized activities of each entity identified above; that these authorities and certifications are now in full force and effect; and that there is no provision in any document under which either of the entities identified above is organized and/or that governs such entity's continued existence or limits the power of the

undersigned to confer the authorities or make the certifications set forth in this Certificate, and that the same are in conformity with the provisions of all such documents.

~~**[Signatures on following page]**~~

**SIGNATURE PAGE**
**TO**
**DEVELOPER OFFICIAL ACTION**

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust,
its member

**EXHIBIT "L"**
**TO**
**FIRST AMENDED AND RESTATED**
**-AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**PROJECT NOTE**

**[SEE ATTACHED ~~SEVEN~~EIGHT (~~7~~8) PAGES]**



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**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING ~~DISPOSITION~~DISPOSITION AND DEVELOPMENT ~~AGREEMENT~~AGREEMENT**

**PROJECT PROMISSORY NOTE SECURED BY DEED OF TRUST**

**(Corona Second Street Family Apartments)**

| | |
|---|---|
| **Principal Amount**: $7,535,280 | **Date of Note**: _____, ~~202__~~2025 |
| **Maker**: SECOND STREET FAMILY LP, a California limited partnership | **Lender**: CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California |
| **Maturity Date**: _____ | **Interest Rate**: One Percent (1.0%) |

1. Housing Authority Project Loan.

FOR VALUE RECEIVED, the undersigned Second Street Family LP, a California limited partnership ("**Maker"),** with its principal place of business located at 414 E. Chapman Avenue, Orange, CA 92866, promises to pay to the CITY OF CORONA HOUSING AUTHORITY, a public body, corporate and politic, organized under the laws of the State of California, a municipal corporation (the "**Authority**" or "**Holder**") at 400 S. Vicentia Avenue, Corona, California, 92882, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of Seven Million Five Hundred Thirty-Five Thousand Two Hundred Eighty Dollars ($~~7,535,000~~7,535,280), (the "**Project Loan**"), together with any accrued interest, if applicable, as set forth in this Note. This Promissory Note (the "**Note**") is made and given pursuant to that certain First Amended and Restated Affordable Housing Disposition and Development Agreement among the Authority, the City of Corona, a California municipal corporation and Maker, dated _____, ~~2024~~2025 (the "**Affordable Housing Agreement**"). The Affordable Housing Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Affordable Housing Agreement. Funds for the Project Loan consist of $7,535,280.00 in Authority funding from its low and moderate income housing asset fund. The Project Loan is made to finance the Project's predevelopment, development, and construction costs in accordance with the terms and conditions of the Affordable Housing Agreement.

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest, if any, and principal shall be due and payable in full without any further demand or notice fifty-five (55) years from the date on which the Certificate of Completion is issued ("**Maturity Date**").

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Security for Note.

This Note is secured by a Deed of Trust executed by Maker which creates a lien on that certain real property as described therein and in the Affordable Housing Agreement.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of one percent (1.0%) per annum on the basis of actual days in a 365 day year, except in the case of Default as set forth in Section 9 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Annual Payment.

Following completion of the Project as evidenced by the issuance ~~by~~of the ~~City of a~~ Certificate of ~~Occupancy as defined in Section 111.2 of the California Building Code, 2013 Municipal Code~~Completion pursuant to the Affordable Housing Agreement, and continuing each year thereafter until the Maturity Date, a portion of the Residual Receipts (as defined below) from the Project shall be paid to Holder and applied to pay down the amounts due and owing under this Note. The payments described below shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of ~~Occupancy~~Completion for the Project, and continuing each year thereafter.

a. Annual Payments from Residual Receipts. After the Fee Deferral Note, the HOME-ARP Note and the Land Note have been paid in full, Maker shall make repayments of the outstanding principal and accrued interest of this Note, if any, equal to the Authority/City's Share of Fifty Percent (50%) of the Residual Receipts from the Project as repayment of amounts due and owing under this Note.

For the purposes of this Note, "**Authority/City's Share**" means seventy-nine and eighty-two hundredths percent (79.82%), which is the percentage calculated by dividing (1) the total sum of the original principal amounts of the Fee Deferral Loan, the HOME-ARP Loan, the Land Loan and the Project Loan by (2) the sum of the principal amounts of all loans from all government entities obtained by the Maker for the Project to the extent not requiring a mandatory debt service payment.

Such annual payments shall be accompanied by the Maker's report of Residual Receipts. The Maker shall provide the Holder with the audited financial statement provided for in Section 6, and any other documentation reasonably requested by Holder to substantiate the Maker's determination of Residual Receipts.

All payments made hereunder shall be credited first to any accrued but unpaid interest (if applicable), then to current interest due and owing and lastly to principal. Interest not paid current each year shall be added to and thereafter be considered additional principal due hereunder. ~~Each payment shall be credited to each of the sources of funding for the Project Loan in the same proportion as the amount of principal funding that source provided to the Project Loan bears to the total principal amount of the Project Loan.~~

Notwithstanding the foregoing, the entire outstanding balance of principal and any interest owing under this Note shall be due and payable in full fifty-five (55) years from the date ~~hereof~~of issuance of the Certificate of Completion.

Prior to any sale of all or any portion of the Project, or Refinancing of all or any portion of the outstanding debt from the Project, and so long as there is any outstanding amount due and owing under this Note, Maker shall notify Holder of any such proposed or intended sale or Refinancing. The Executive Director shall have the right to review all documents related to and to approve or disapprove any Refinancing ~~or~~ that will increase the interest rate or increase the outstanding principal amount of such outstanding debt or cause or require the release or withdrawal of cash or equity from any part of the Project. The Executive Director shall reasonably consider any such proposed Refinancing based on an economic evaluation conducted by City's economic consultant that analyzes the effect of the proposed Refinancing (i) the availability of Residual Receipts to repay this Note (and any other subordinate loans), (ii) the availability of Cost Savings, and (iii) the ability of Maker to repay any outstanding debt or other liens, if any, against the Project or Property as such payment becomes due. In such event, Maker and Holder shall meet and confer, and shall use good faith efforts, to determine the feasibility of the payoff or restructuring of the remaining balance owing under this Note as part of any such sale or Refinancing to provide for repayment of this Note sooner than the fifty-five (55) year repayment period. Nothing herein shall be construed or interpreted to give the Executive Director with the authority to review and approve (or disapprove) a Refinancing that includes in any manner the Resyndication of the Project.

b. Definition of Residual Receipts. For the purposes of this Note, "**Residual Receipts**" shall mean the sum of money computed as follows:

(i) All rents, revenues, consideration or income (of any form) received by Maker in connection with or relating to the ownership or operation of the Project, including any Net Refinancing Proceeds and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) ("Gross Revenue") less all of the following: all customary and reasonable costs and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for

Property Insurance and Liability Insurance; the normally amortized principal and interest payments due on mortgages that are Senior to this Note; utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services in an amount approved as part of the Annual Budget; payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and operating deficit loans relating to the Project in an amount approved as part of the Annual Budget; tax credit adjusters required by the Maker's partnership agreement; asset management fee payable to the limited partner of Maker and partnership management fee payable to Maker, which fees together shall not exceed Thirty Thousand Dollars ($30,000) per year during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to two and one-half percent (2.5%) per year with any greater amount to be approved by the Authority in the Annual Budget; reasonable property management fees not to exceed Seventy Dollars ($70) per unit per month during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to three percent (3%) per year or greater amount as approved by the Authority in the Annual Budget; deferred Developer Fee in an amount approved as part of the Project Budget (as defined in the Affordable Housing Agreement); amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the Authority for the Project (collectively, "Operating Expenses").

(ii) Notwithstanding the generality of the foregoing, the following items shall not be considered Operating Expenses for purposes of computing Residual Receipts:

(A) Payment of any fees or expenses or of any portion of the Residual Receipts to Maker or any affiliate of Maker, except as specifically set forth herein;

(B) Income taxes imposed upon Maker's income;

(C) Payment of principal or interest on any indebtedness of Maker to any Lender, including any affiliate of Maker (individual or entity) or partner of Maker, except as specifically approved by Holder in writing or otherwise set forth herein; and

(D) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

6. Audited Financial Statement.

Maker shall annually provide Holder with an audited financial statement documenting the calculation of Residual Receipts for the previous calendar year ending December 31. The audited financial statement shall be provided on or before April 1, together with payment of the Residual Receipts payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Residual Receipts payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Annual Budget.

Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project ("**Annual Budget**") no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. Holder will review the Annual Budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the Annual Budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total ~~budget~~Annual Budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Acceleration Upon Certain Events or Upon Default.

In the event of any Default under the terms of this Note, the Affordable Housing Agreement or the Regulatory Agreement, the Deed of Trust which is the security for this Note, or under any Senior loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Default, and such Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this Note shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this Note or any part thereof or interest therein, without first obtaining the prior written consent of the Holder (except for a Permitted Transfer, as defined in the Affordable Housing Agreement), then, at the option of the Holder, all principal

and interest due hereunder shall immediately become due and payable upon thirty (30) days written notice from the Holder to the Maker. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the Affordable Housing Agreement shall not constitute a Default hereunder or under the Affordable Housing Agreement, and any such action shall not accelerate the maturity of this ~~Promissory~~ Note, provided that any transfer is either a Permitted Transfer as defined in the Affordable Housing Agreement or is reasonably acceptable to the Authority with reasonable promptness, and any transferee under such a transfer agrees to be bound by any and all instruments in favor of the Authority.

9. Interest on Default.

From and after a Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

10. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys fees in any action to enforce payment of this instrument.

11. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Note.

12. Indemnification.

Maker shall indemnify, defend, protect and hold the Authority harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or related agreements; (ii) intentional bad faith waste of the real

property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note and the Affordable Housing Agreement.

13. Nonrecourse.

This Note shall become a nonrecourse obligation of Maker on the date that Maker files a valid and timely Notice of Completion for the Project and the Holder must resort only to the Project or the Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby. At such time as this Note becomes nonrecourse, neither Maker nor any of its general and limited partner shall have any personal liability for repayment of the Project Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud, material misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or any other agreements or documents provided in connection therewith; (ii) intentional bad faith waste of the Property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such breach.

14. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

15. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly

appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of Default hereunder.

**[Signatures on Following Page]**

MAKER:

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust,
its member

**EXHIBIT "M"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**FEE DEFERRAL NOTE**

**[SEE ATTACHED EIGHT (8) PAGES]**



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**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING ~~DISPOSITION~~DISPOSITION AND DEVELOPMENT ~~AGREEMENT~~AGREEMENT**

**FEE DEFERRAL PROMISSORY NOTE SECURED BY DEED OF TRUST**
**(Corona Second Street Family Apartments)**

**Principal Amount**: $~~[~~2,000,000~~]~~

**Date of Note**: _____, ~~2024~~2025

**Maker**: SECOND STREET FAMILY LP, a California limited partnership

**Lender**: CITY OF CORONA, a California municipal corporation

**Maturity Date**: _____

**Interest Rate**: One Percent (1.0%)

1. City Fee Deferral Loan.

For value received, SECOND STREET FAMILY LP, a California limited partnership (the "**Maker**"), with its principal place of business located at 414 E. Chapman Avenue, Orange, CA 92866, promises to pay the CITY OF CORONA, a California municipal corporation("**Holder**" or "**City**"), at 400 S. Vicentia Avenue, Corona, California, 92882, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of ~~[~~Two Million~~]~~ Dollars ($~~[~~2,000,000~~]~~) or so much as may be deferred or advanced by the City (the "**Fee Deferral Loan**"), together with any accrued interest, if applicable. This Fee Deferral Promissory Note (the "**Note**") is made and given pursuant to that certain First Amended and Restated Affordable Housing Disposition and Development Agreement among the City of Corona Housing Authority, City and Maker, dated _____, ~~2024~~2025 (the "**Affordable Housing Agreement**"). The Affordable Housing Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Affordable Housing Agreement. The Fee Deferral Loan is made to finance a portion of the costs of certain development impact fees levied against the Project, for which the City has deferred payment pursuant to City Council Resolution No. ~~_____~~2024-087 (the "**Fee Deferral Loan**").

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest, if any, and principal shall be due and payable in full without any further demand or notice fifty-five (55) years from the date on which the Certificate of Completion is issued ("**Maturity Date**").

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Security for Note.

This Note is secured by a Deed of Trust executed by Maker which creates a lien on that certain real property as described therein and in the Affordable Housing Agreement.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of one percent (1.0%) per annum on the basis of actual days in a 365 day year, except in the case of default as set forth in Section 9 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Annual Payment.

Following completion of the Project as evidenced by the issuance ~~by~~of the ~~City of a~~ Certificate of ~~Occupancy as defined in Section 111.2 of the California Building Code, 2013 Municipal Code~~Completion pursuant to the Affordable Housing Agreement, and continuing each year thereafter until the Maturity Date, a portion of the Residual Receipts (as defined below) from the Project shall be paid to Holder and applied to pay down the amounts due and owing under this Note. The payments described below shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of ~~Occupancy~~Completion for the Project, and continuing each year thereafter.

a. Annual Payments from Residual Receipts. Maker shall make payments of the outstanding principal and accrued interest, if any, equal to the Authority/City's Share of Fifty Percent (50%) of the Residual Receipts from the Project as repayment of amounts due and owing under this Note. For the purposes of this Note, "**Authority/City's Share**" means seventy-nine and eighty-two hundredths percent (79.82%), which is the percentage calculated by dividing (1) the total sum of the original principal amounts of the Fee Deferral Loan, the HOME-ARP Loan, the Land Loan and the Project Loan by (2) the sum of the principal amounts of all loans from all government entities obtained by the Maker for the Project to the extent not requiring a mandatory debt service payment.

Such annual payments shall be accompanied by the Maker's report of Residual Receipts. The Maker shall provide the Holder with the audited financial statement provided for in Section 6, and any other documentation reasonably requested by Holder to substantiate the Maker's determination of Residual Receipts.

All payments made hereunder shall be credited first to any accrued but unpaid interest (if applicable), then to current interest due and owing and lastly to principal. Interest not paid current each year shall be added to and thereafter be considered additional principal due hereunder.

Notwithstanding the foregoing, the entire outstanding balance of principal and any interest owing under this Note shall be due and payable in full fifty-five (55) years from the date ~~hereof~~of issuance of the Certificate of Completion.

Prior to any sale of all or any portion of the Project, or Refinancing of all or any portion of the outstanding debt from the Project, and so long as there is any outstanding amount due and owing under this Note, Maker shall notify Holder of any such proposed or intended sale or Refinancing. The Executive Director shall have the right to review all documents related to and to approve or disapprove any Refinancing or that will increase the interest rate or increase the outstanding principal amount of such outstanding debt or cause or require the release or withdrawal of cash or equity from any part of the Project. The Executive Director shall reasonably consider any such proposed Refinancing based on an economic evaluation conducted by City's economic consultant that analyzes the effect of the proposed Refinancing or (i) the availability of Residual Receipts to repay this Note (and any other subordinate loans), (ii) the availability of Cost Savings, and (iii) the ability of Developer to repay any outstanding debt or other liens, if any, against the Project or Property as such payment becomes due. In such event, Maker and Holder shall meet and confer, and shall use good faith efforts, to determine the feasibility of the payoff or restructuring of the remaining balance owing under this Note as part of any such sale or Refinancing to provide for repayment of this Note sooner than the fifty-five (55) year repayment period. Nothing herein shall be construed or interpreted to give the Executive Director with the authority to review and approve (or disapprove) a Refinancing that includes in any manner the Resyndication of the Project.

b. Definition of Residual Receipts. For the purposes of this Note, "**Residual Receipts**" shall mean the sum of money computed as follows:

(i) All rents, revenues, consideration or income (of any form) received by Maker in connection with or relating to the ownership or operation of the Project, including any Net Refinancing Proceeds and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) ("Gross Revenue") less all of the following: all customary and reasonable costs and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for Property Insurance and Liability Insurance; the normally amortized principal and interest payments due on mortgages that are Senior to this Note; utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services in an amount approved as part of the Annual Budget; payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and operating deficit loans relating to the Project in an amount approved as part of the Annual Budget; tax credit adjusters required by the Maker's partnership agreement; asset management fee payable to the limited partner of Maker and partnership management fee payable to Maker, which fees together shall not exceed Thirty Thousand Dollars ($30,0000) per year during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to two and one-half percent (2.5%) per year with any greater amount to be approved by the Authority in the Annual Budget; reasonable property management fees not to

exceed Seventy Dollars ($70) per unit per month during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to three percent (3%) per year or greater amount as approved by the Authority in the Annual Budget; deferred Developer Fee in an amount approved as part of the Project Budget (as defined in the Affordable Housing Agreement); amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the City for the Project (collectively, "Operating Expenses").

(ii) Notwithstanding the generality of the foregoing, the following items shall not be considered Operating Expenses for purposes of computing Residual Receipts:

(A) Payment of any fees or expenses or of any portion of the Residual Receipts to Maker or any affiliate of Maker, except as specifically set forth herein;

(B) Income taxes imposed upon Maker's income;

(C) Payment of principal or interest on any indebtedness of Maker to any Lender, including any affiliate of Maker (individual or entity) or partner of Maker, except as specifically approved by Holder in writing or otherwise set forth herein; and

(D) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

6. Audited Financial Statement.

Maker shall annually provide Holder with an audited financial statement documenting the calculation of Residual Receipts for the previous calendar year ending December 31. The audited financial statement shall be provided on or before April 1, together with payment of the Residual Receipts payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Residual Receipts payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Annual Budget.

Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project ("Annual Budget") no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. Holder will review the Annual Budget and, if acceptable, approve

it, which approval shall not be unreasonably withheld. If the Annual Budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total Annual Budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Acceleration Upon Certain Events or Upon Default.

In the event of any Default under the terms of this Note, the Affordable Housing Agreement, the Regulatory Agreement, the Deed of Trust which is the security for this Note, or under any Senior loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Default, and such Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this Note shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this Note or any part thereof or interest therein, without first obtaining the prior written consent of the Holder (except for a Permitted Transfer, as defined in the Affordable Housing Agreement), then, at the option of the Holder, all principal and interest due hereunder shall immediately become due and payable upon

thirty (30) days written notice from the Holder to the Maker. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the Affordable Housing Agreement shall not constitute a Default hereunder or under the Affordable Housing Agreement, and any such action shall not accelerate the maturity of this Promissory Note, provided that any transfer is either a Permitted Transfer as defined in the Affordable Housing Agreement or is reasonably acceptable to the Authority with reasonable promptness, and any transferee under such a transfer agrees to be bound by any and all instruments in favor of the Authority.

9. Interest on Default.

From and after a Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

10. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys fees in any action to enforce payment of this instrument.

11. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Note.

12. Indemnification.

Maker shall indemnify, defend, protect and hold the Authority harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or related agreements; (ii) intentional bad faith waste of the real property encumbered by the Deed of Trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the Deed of Trust securing this Note and the Affordable Housing Agreement.

13. Nonrecourse.

This Note shall become a nonrecourse obligation of Maker on the date that Maker files a valid and timely Notice of Completion for the Project and the Holder must resort only to the Project or the Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby. At such time as this Note becomes nonrecourse, neither Maker nor any of its general and limited partner shall have any personal liability for repayment of the Fee Deferral Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud, material misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or any other agreements or documents

provided in connection therewith; (ii) intentional bad faith waste of the Property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such breach.

14. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

15. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of Default hereunder.

MAKER:

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust,
its member

**EXHIBIT "N"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

## SCHEDULE OF PERFORMANCE

**[SEE ATTACHED ONE (1) PAGE]**



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REDLINE 4041745.1
1603\62\4041746.1

## Schedule of Performance for Corona Second Street Family Apartments

**Schedule for the financing application to TCAC and possibly CDLAC.**

| Date | Task |
|---|---|
| Concurrently with the date of this Agreement | Developer shall have applied for and received all entitlement Approvals for the Project. |
| One year after the date of this Agreement | Developer shall have applied for and received Lot Line Adjustment Approval for the Project. |
| Last Round of 2024 and All Rounds for 2025 | Submittal to TCAC for a reservation of Tax Credits and to CDLAC for an allocation of tax-exempt bonds if also applying for 4% federal Tax Credits. |

*Note –CDLAC and TCAC schedules for 2025 are not currently available.

**Schedule for the construction following the receipt of the Tax Credit reservation from TCAC.**

| Date | Task |
|---|---|
| Day 1 | Receipt of TCAC Tax Credit Reservation and if applicable CDLAC Tax-Exempt Bond Allocation |
| Day 60 | 100% Working Drawings Complete. Submit to City. |
| Day 90 | Comments Received from City. |
| Day 105 | Submit Revised Working Drawings to City. |
| Day 120 | Comments on Revised Working Drawings Received from City. |
| Day 135 | Submit Re-revised Working Drawings to City. |
| Day 150 | Comments on Re-revised Working Drawings Received from City. |
| Day 165 | Final Plans. |
| Day 170 | Obtain Signatures. |
| Day 175 | Obtain Ready to Issue Permit Letter Pending Payment of Permit Fees. |
| Day 180 or 194 | TCAC Deadline to Commence Construction and, if applicable, CDLAC Deadline to Issue Tax-Exempt Bonds as set forth in CDLAC Resolution Allocating Tax-Exempt Bonds to Project, as may be revised from time to time |
| ~~30~~36 months after Commencement of Construction | Completion of Construction. |

**EXHIBIT "O"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

## FEDERAL REQUIREMENTS

Developer shall comply with all applicable laws and regulations governing the use of the HOME-ARP funds as set forth in Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program, and the use of the CDBG Funds as set forth in 24 C.F.R. Part 570, including, but not limited to, the requirements of the Regulatory Agreement for the period of time following the date of recordation of the Regulatory Agreement, and ending on the fifteenth ($15^{th}$) anniversary of recordation of the Certificate of Completion, after which time the provisions set forth on this Exhibit "O" will not be applicable to the Project. In the event of any conflict between this Agreement and applicable laws and regulations governing the use of the HOME-ARP funds or CDBG Funds, the applicable laws and regulations shall govern.

The Federal Award Identification Number (FAIN) for HOME-ARP funds is M-21-MP-06-0559.

The Federal Award Identification Number (FAIN) for CDBG Funds is B-19-MC-06-0573.

The laws and regulations governing the use of the HOME-ARP, and CDBG funds include (but are not limited to) the following:

(1) Eligible Project Costs. Restrictions on funding only eligible project costs as defined under 24 C.F.R. 92.206, Section VI.B. of Notice CPD-21-10, and 24 C.F.R. 570.201.

(2) Affordability. The HOME-ARP Units shall meet the affordability requirements of Notice CPD-21-10. If the HOME-ARP Units do not meet the affordability requirements of the HOME-ARP program for the specified time period, Developer shall repay the HOME-ARP funds to City promptly upon demand by City. In such event, Developer shall not be released from the affordability and other covenants and restrictions set forth in this Agreement and the Regulatory Agreement, which shall continue to apply independent of the HOME-ARP Regulations.

(3) Environmental and Historic Preservation. 24 C.F.R. Part 58, which prescribes procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5.

(4) Applicability of OMB Circulars. The policies, guidelines, and requirements of 2 C.F.R. Part 200 as applicable to Developer.

(5) Debarred, Suspended or Ineligible Contractors. As required in 24 C.F.R. § 92.357, the prohibition on the use of debarred, suspended, or ineligible contractors set forth in 24 C.F.R. Part 24.

(6) Civil Rights, Housing and Community Development, and Age Discrimination Acts. The Fair Housing Act (42 U.S.C. 3601 *et seq*.) and implementing regulations at 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964 as amended; Title VIII of the Civil Rights Act of 1968 as amended; Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended; Section 504 of the Rehabilitation Act of 1973 (29 USC 794, *et seq*.); the Age Discrimination Act of 1975 (42 USC 6101, *et seq*.); Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107; Executive Order 11246 as amended by Executive Orders 11375, 12086, 11478, 12107; Executive Order 11625 as amended by Executive Order 12007; Executive Order 12432; Executive Order 12138 as amended by Executive Order 12608; Executive Order 13672 concerning gender identity.

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

(8) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 USC 4601, et seq.) and implementing regulations at 49 C.F.R. Part 24; Section 104(d) of the Housing and Community Development Act of 1974 and implementing regulations at 24 C.F.R. Part 42; and 24 C.F.R. 574.630; and California Government Code Section 7260 et seq. and implementing regulations at 25 California Code of Regulations Sections 6000 *et seq*.

(9) Discrimination against Persons with Disabilities. The requirements of Section 504 of the Construction Act of 1973 (29 U.S.C. 794), the Uniform Federal Accessibility Standards (24 C.F.R. 8.20 *et seq*.) and federal regulations issued pursuant thereto, which prohibit discrimination against the disabled in any federally assisted program, the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 *et seq*.), and federal regulations issued pursuant thereto.

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

(11) Property Standards. The property standards set forth in 24 C.F.R. 92.251(a).

(12) Section 3. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u and implementing Regulations at 24 C.F.R. 75 ("Section 3");

(a) Pursuant to Section 3, to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, Developer shall ensure:

(i) that employment and training opportunities arising in connection with the Project are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the Project is located. Where feasible, priority for opportunities and training described above should be given to: (A) Section 3 workers residing within the service area or the neighborhood of the Project, and (B) participants in YouthBuild programs; and

(ii) that contracts for work awarded in connection with the Project are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the Project is located. Where feasible, priority for opportunities and training described above should be given to: (A) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the Project, and (B) participants in YouthBuild programs.

(b) Developer will be considered to have complied with the Section 3 requirements, in the absence of evidence to the contrary, if it certifies that it has followed the prioritization of effort set forth in subsection (A) above, and meets or exceeds the applicable Section 3 benchmark as described in 24 C.F.R. 75.23(b).

(c) Developer shall maintain records of its Section 3 activities and cause such records to be accurate and current and in a form that allows the Authority and the City to comply with the reporting requirements of 24 C.F.R. 75.25.

(d) Developer shall require all contractors and subcontractors performing work on the Project to comply with the Section 3 requirements.

(13) Labor Standards. The applicable labor requirements set forth in 24 C.F.R. 92.354 and 24 C.F.R. 574.655 which require compliance with the prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

(14) Drug Free Workplace. The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690) and implementing regulations at 24 C.F.R. Part 24.

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

(16) Historic Preservation. Developer shall comply with the historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. Section 470) and the procedures set forth in 36 C.F.R. Part 800.

(17) Faith Based Activities. The requirements of 24 C.F.R. 92.257 regarding eligible use of funds by organizations that are religious or faith-based.

(18) Uniform Administrative Requirements. The requirements of 24 C.F.R. 92.505 regarding cost and auditing requirements.

(19) Conflict of Interest. The conflict of interest provisions set forth in 24 C.F.R. 570.611 and 24 C.F.R. 92.356.

(20) Violence Against Women. The Violence Against Women Act (VAWA) requirements set forth in 24 C.F.R. Part 5, Subpart L, apply to all HOME assisted rental housing. For the HOME-ARP program, the "covered housing provider," as this term is used in HUD's regulations in 24 CFR part 5, subpart L, refers to: (i) the Developer for the purposes of 24 CFR 5.2005(d)(1), (d)(3), and (d)(4) and § 5.2009(a); and (ii) the Authority and the Developer for purposes of 24 CFR 5.2005(d)(2), 5.2005(e), and 5.2007, except as otherwise provided in paragraph (g) of this section. Developer shall cause to include appropriate VAWA lease term/addendum in its leases with tenants of HOME-ARP units. For HOME-funded projects, the following requirement shall apply in place of the requirements at 24 CFR 5.2009(b): If a family living in a HOME or HOME-ARP unit separates under 24 CFR 5.2009(a), the remaining tenant(s) may remain in the HOME or HOME-ARP unit.

(21) Flood Disaster Protection. The requirements of the 24 C.F.R. Part 58.

(22) Affirmative Marketing. Developer shall establish for City's review and approval a plan and procedures to affirmatively market the Qualifying Units as defined in the Regulatory Agreement. The objective of the plan shall be to provide information and attract eligible persons from all racial, ethnic and general groups in the housing market area to the available housing. In connection therewith, Developer shall perform those affirmative marketing responsibilities set forth in 24 C.F.R. § 92.351(a) and the marketing plan shall include the following:

(a) methods for informing the public, owners, and potential tenants about federal fair housing loans and the City's affirmative marketing policy;

(b) requirements and practices Developer must adhere to in order to carry out the affirmative marketing procedures and requirements;

(c) procedures to be used by Developer to inform and solicit applications from persons in the housing market area that are not likely to apply for the housing without special outreach;

(d) records that will be kept describing actions taken by Developer to affirmatively market units and records to assess the results of those actions; and

(e) a description of how Developer will assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

(23) Monitoring. From time to time, City shall review Developer's activities and operations under the Agreement and Developer's compliance with the HOME-ARP Regulations. Such reviews may include an on-site inspection of the HOME-ARP Units (including unit interiors). If such an on-site inspection of the HOME-ARP units is to be undertaken, City shall coordinate such inspection with Developer. The monitoring required pursuant to this paragraph shall be in compliance with the requirements of 24 C.F.R. § 92.504.

(24) Tenant Participation Plan. Developer shall provide to City for approval the form of the lease agreement to be used for the rental units within the Project, which lease must be fair and provide for a grievance procedure. In addition, Developer shall provide to City for approval a plan that provides for tenant participation in management decisions. (24 C.F.R § 92.303.)

(25) Broadband Infrastructure. The construction of the Qualifying Units, as defined in the Regulatory Agreement, shall include installation of broadband infrastructure, as this term is also defined in 24 C.F.R. 5.100, except where the City determines and, in accordance with § 92.508(a)(3)(iv), documents the determination that:

(a) The location of the new construction makes installation of broadband infrastructure infeasible; or

(b) The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden.

(26) HOME-ARP Records and Reports. Records and Reports. Developer shall provide to City all records and reports relating to the use of HOME-ARP funds that may be reasonably requested by City in order to enable it to perform its recordkeeping and reporting obligations pursuant to the HOME-ARP Regulations, including 24 C.F.R. §§ 92.508 and 92.509.

(27) HOME-ARP Project Requirements. Developer shall carry out each activity under the Agreement in accordance with all applicable federal laws and regulations described in Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program except for City's responsibility for initiating the environmental review process under the provisions of 24 C.F.R. Part 58..

(28) HOME Project Completion Deadline. Pursuant to the HOME four-year project completion deadline at 24 CFR 92.205(e)(2), the timeframe for Developer's completion of construction of the Project may not be extended to a date that is more than four years following the Effective Date without first securing a one-year extension from HUD. Notwithstanding anything to the contrary in this Agreement, if Developer fails to complete the Project within such four year period (or if such four year period is extended by HUD within such extended period) and such failure results in a requirement that all HOME funds must be repaid to HUD, Developer shall be solely responsible for such repayment with respect to all amounts of HOME funds that have been disbursed to Developer.

(29) HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the HOME-ARP, and CDBG funds.

**EXHIBIT "P"**
**TO**
**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**
**(Corona Second Street Family Apartments)**

**PROJECT BUDGET**

**(~~ProForma and Uses & Schedule of Uses~~Construction Uses by Funding Source)**

(ON FOLLOWING ~~FOURPAGES~~TWO (2) PAGES)



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REDLINE 4041745.1
1603\62\4041746.1

***Second Street Family Apts. - 115 Units***

**Developer: C&C**
**Version: Preliminary Analysis**

Revised: 7/24/2024

## *SOURCES OF FUNDS*

| **PERMANENT SOURCES** | **Amount** | **Total Interest** | **Term (Yrs)** | **Comments** |
|---|---|---|---|---|
| Tax-Exempt Perm Loan | $8,473,990 | 6.70% | 40 | *Maturity - 17 Years* |
| City of Corona Land Loan | $4,000,000 | 0.25% | 55 | |
| City - Impact Fee Deferral | $2,000,000 | 0.25% | 55 | *50% Fee Deferral* |
| City of Corona LMIHAF | $7,535,000 | 0.25% | 55 | |
| City of Corona HOME-ARP | $529,875 | 0.25% | 55 | |
| GP Developer Fee Contribution | $4,513,004 | | | |
| General Partner Equity | $100 | | | |
| Limited Partner Equity | $26,519,998 | | | *Federal Credit Price:* $0.91 |
| Limited Partner Equity (State Credits) | $8,447,618 | | | *State Credit Price:* $0.88 |
| **TOTAL** | **$62,019,585** | | | |
| *vs. TDC* | *$62,019,585* | | | |
| *Financing Surplus/(Gap)* | *$0* | | | |

| **CONSTRUCTION SOURCES** | **Amount** | **Total Interest** | **Term (Mnts)** | **Comments** |
|---|---|---|---|---|
| Tax Exempt Const. Loan | $32,500,000 | 8.64% | 30 | *Bonds sized at 54.12% of Aggregate Basis* |
| City of Corona Land Loan | $4,000,000 | 0.25% | 30 | |
| City - Impact Fee Deferral | $2,000,000 | 0.25% | 30 | |
| City of Corona LMIHAF | $7,535,000 | 0.25% | 30 | |
| City of Corona HOME-ARP | $529,875 | 0.25% | 30 | |
| General Partner Equity | $100 | | | |
| Limited Partner Equity | $8,613,406 | | | *32.48% of Federal Equity* |
| Dev. Fee Deferred Until Completion | $6,388,004 | | | |
| Other Costs Deferred Until Completion | $453,200 | | | *Refer to Development Budget for Details.* |
| **TOTAL** | **$62,019,585** | | | |
| *vs. TDC* | *$62,019,585* | | | |
| *Financing Surplus/(Gap)* | *$0* | | | |

**Second Street Family Apts. - 115 Units**

**Developer: C&C / OHDC**
**Version: Pre-Closing**

Revised: 7/31/2025

## SOURCES OF FUNDS

| PERMANENT SOURCES | Amount | Total Interest | Term (Yrs) | Comments |
|---|---|---|---|---|
| Tax-Exempt Perm Loan | $13,445,670.00 | 6.57% | 40 | *Maturity - 17 Years* |
| City of Corona Low & Mod Funds | $7,535,280.00 | 1.00% | 55 | |
| City of Corona Land & Impact Fees | $6,030,000.00 | 1.00% | 55 | |
| City of Corona HOME - ARP | $531,591.15 | 1.00% | 55 | |
| County of Riverside HHIP | $3,000,000.00 | 3.00% | 55 | |
| County of Riverside General Fund | $1,000,000.00 | 3.00% | 55 | |
| Deferred Developer Fee | $6,135,339.00 | | | |
| Interest Earned on Cashbacked Bonds | $3,915,694.00 | | | |
| Return of Performance Deposit | $700,000.00 | | | |
| General Partner Equity | $100.00 | | | |
| NEF Tax Credit Equity | $27,782,051.00 | | | *Federal Credit Price:* $0.8800 |
| **TOTAL** | **$70,075,725.15** | | | |
| *vs. TDC* | *$70,075,725.15* | | | |
| *Financing Surplus/(Gap)* | *$0.00* | | | |

| CONSTRUCTION SOURCES | Amount | Total 92 | Term (Mnts) | Comments |
|---|---|---|---|---|
| Tax Exempt Const. Loan | $36,256,435.00 | 7.61% | 36 | *Bonds sized at 56% of Aggregate Basis* |
| City of Corona Low & Mod Funds | $7,535,280.00 | 1.00% | 36 | |
| City of Corona Land & Impact Fees | $6,030,000.00 | 1.00% | 36 | |
| City of Corona HOME - ARP | $531,591.15 | | 36 | |
| County of Riverside HHIP | $3,000,000.00 | 3.00% | 36 | |
| County of Riverside General Fund | $1,000,000.00 | 3.00% | 36 | |
| Deferred Developer Fee | $6,135,339.00 | | | |
| Interest Earned on Cashbacked Bonds | $3,915,694.00 | | | |
| General Partner Equity | $100.00 | | | |
| NEF Tax Credit Equity | $2,778,205.00 | | | *10% of Federal Equity.* |
| Dev. Fee Deferred Until Completion | $1,784,478.00 | | | |
| Other Costs Deferred Until Completion | $1,108,603.00 | | | *Refer to Development Budget for Details.* |
| **TOTAL** | **$70,075,725.15** | | | |
| *vs. TDC* | *$70,075,725.15* | | | |
| *Financing Surplus/(Gap)* | *$0.00* | | | |

250731 2nd St. Family_Pre-Closing Proforma_.xlsx

**Second Street Family Apts. - 115 Units**
**Developer: C&C**
**Version: Preliminary Analysis**

Revised: 7/24/2024

## DEVELOPMENT BUDGET

| Item | Total Project Costs | Depreciable Residential | Non - Depreciable | Amortize | Expense | Construction /Rehab Basis | Aggregate Basis |
|---|---|---|---|---|---|---|---|
| ***ACQUISITION*** | | | | | | | |
| Land | $4,000,000 | | $4,000,000 | | | | $4,000,000 |
| ***Subtotal Acquisition*** | **$4,000,000** | **$0** | **$4,000,000** | **$0** | **$0** | **$0** | **$4,000,000** |
| ***CONSTRUCTION*** | | | | | | | |
| Residential Structures | $29,495,632 | $29,495,632 | | | | $29,495,632 | $29,495,632 |
| Site Work | $2,472,500 | $2,472,500 | | | | $2,472,500 | $2,472,500 |
| General Requirement | $639,363 | $639,363 | | | | $639,363 | $639,363 |
| GC Overhead | $1,918,088 | $1,918,088 | | | | $1,918,088 | $1,918,088 |
| Contractor Profit | $1,918,088 | $1,918,088 | | | | $1,918,088 | $1,918,088 |
| Builder's Risk & Liability Insurance | $834,110 | $834,110 | | | | $834,110 | $834,110 |
| Construction Contingency | $1,822,184 | $1,822,184 | | | | $1,822,184 | $1,822,184 |
| ***Subtotal Construction*** | **$39,099,965** | **$39,099,965** | **$0** | **$0** | **$0** | **$39,099,965** | **$39,099,965** |
| ***SOFT COSTS*** | | | | | | | |
| Local Development Impact Fees | $4,000,000 | $4,000,000 | | | | $4,000,000 | $4,000,000 |
| Local Permit Processing Fees | $435,160 | $435,160 | | | | $435,160 | $435,160 |
| Environmental Studies | $70,000 | | $70,000 | | | $0 | $0 |
| Appraisal | $10,000 | $10,000 | | | | $10,000 | $10,000 |
| Engineering | $400,000 | $400,000 | | | | $400,000 | $400,000 |
| Architectural Design & Supervision | $850,000 | $850,000 | | | | $850,000 | $850,000 |
| Soils Engineer | $125,000 | $125,000 | | | | $125,000 | $125,000 |
| Market Study | $15,000 | $7,500 | | | $7,500 | $7,500 | $7,500 |
| Legal: Construction | $200,000 | $200,000 | | | | $200,000 | $200,000 |
| Legal: Permanent | $10,000 | | | $10,000 | | $0 | $0 |
| Legal: Organization of Partnership | $5,000 | | | $5,000 | | $0 | $0 |
| Legal: Syndication | $36,682 | | $36,682 | | | $0 | $0 |
| ~~Title/Recording/Escrow - Construction~~ | ~~$50,000~~ | ~~$50,000~~ | | | | ~~$50,000~~ | ~~$50,000~~ |
| Const. Loan Interest | $3,600,500 | $2,760,383 | | | $840,117 | $2,760,383 | $2,760,383 |
| Marketing (lease-up, Advertisement, Setup) | $95,000 | $0 | | | $95,000 | $0 | $0 |
| Construction Inspection | $20,000 | $20,000 | | | | $20,000 | $20,000 |
| Real Estate Taxes | $100,000 | $76,667 | | | $23,333 | $76,667 | $76,667 |
| TCAC App/Allocation - (Mont. Fee Below) | $31,146 | | | $31,146 | | $0 | $0 |
| Soft Cost Contingency | $550,000 | $550,000 | | | | $550,000 | $550,000 |
| Investor Due Diligence | $60,000 | $0 | $60,000 | | | $0 | $0 |
| Audit/Cost Certification | $30,000 | $30,000 | | | | $30,000 | $30,000 |
| *Developer Fee (Overhead)* | $1,496,392 | $1,496,392 | | | | $1,496,392 | $1,496,392 |
| *Developer Fee (Profit)* | $5,516,612 | $5,516,612 | - | | | $5,516,612 | $5,516,612 |
| ***Subtotal Soft Costs*** | **$17,706,492** | **$16,527,714** | **$166,682** | **$46,146** | **$965,950** | **$16,527,714** | **$16,527,714** |
| ***COSTS DEFERRED UNTIL CONVERSION*** | | | | | | | |
| Title/Recording/Escrow - Permanent | $20,000 | | | $20,000 | | $0 | |
| Operating Reserve | *$362,500* | | $362,500 | | | $0 | |
| *TCAC Monitoring Fee* | $70,700 | | | $70,700 | | $0 | |
| ***Subtotal Deferred Costs*** | **$453,200** | **$0** | **$362,500** | **$90,700** | **$0** | **$0** | **$0** |
| ***FINANCING COSTS*** | | | | | | | |
| Issuer Origination Fee (CMFA) | $60,938 | $0 | | $60,938 | | $0 | $0 |
| Issuer Counsel | $7,500 | $0 | | $7,500 | | $0 | $0 |
| Bond Counsel | $58,000 | $0 | | $58,000 | | $0 | $0 |
| Constr. Lender Orig. Fees | $325,000 | $325,000 | | | | $325,000 | $325,000 |
| Constr. Lender Expense | $11,875 | $11,875 | | | | $11,875 | $11,875 |
| Constr. Lender Legal | $85,000 | $85,000 | | | | $85,000 | $85,000 |
| Perm Lender Orig. Fees & Expenses | $84,740 | | | $84,740 | | $0 | $0 |
| Perm Lender Expenses | $10,000 | | | $10,000 | | $0 | $0 |
| Perm Lender Legal | $60,000 | | | $60,000 | | $0 | $0 |
| CDLAC Fee | $11,375 | $0 | | $11,375 | | $0 | $0 |
| CDIAC Fee | $4,875 | $0 | | $4,875 | | $0 | $0 |
| Issuer Fee During Construction | $40,625 | $0 | | $40,625 | | $0 | $0 |
| ***Subtotal Financing Costs*** | **$759,928** | **$421,875** | **$0** | **$338,053** | **$0** | **$421,875** | **$421,875** |

**Second Street Family Apts. - 115 Units**
**Developer: C&C / OHDC**
**Version: Pre-Closing**

CONSTRUCTION USES BY FUNDING SOURCE

| | Total Project Costs | Closing Costs | Tax Exempt Const. Loan | City of Corona Low & Mod Funds | City of Corona Land & Impact Fees | City of Corona HOME - ARP | County of Riverside HHIP | County of Riverside General Fund | Deferred Developer Fee | Interest Earned on Cashbacked Bonds | General Partner Equity | NEF Tax Credit Equity | Other Costs Deferred Until Completion |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***ACQUISITION*** | | | | | | | | | | | | | |
| Land | $4,030,000.00 | $4,030,000.00 | | | $4,030,000.00 | $0.00 | | | | | | | |
| ***Subtotal Acquisition*** | **$4,030,000.00** | **$4,030,000.00** | **$0.00** | **$0.00** | **$4,030,000.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** |
| ***CONSTRUCTION*** | | | | | | | | | | | | | |
| Residential Structures | $27,448,017.00 | | $27,448,017.00 | | | | | | | | | | |
| Site Work | $3,234,000.00 | | $2,685,622.00 | $16,786.85 | | 531,591.15 | | | | | | | |
| General Requirement | $1,837,853.00 | | $1,837,853.00 | | | | | | | | | | |
| GC Overhead | $647,145.00 | | $647,145.00 | | | | | | | | | | |
| Contractor Profit | $1,947,940.00 | | $1,947,940.00 | | | | | | | | | | |
| Builder's Risk & Liability Insurance | $1,134,110.00 | $1,134,110.00 | $134,110.00 | | | | | 1,000,000 | | | | | |
| Construction Contingency | $1,755,748.00 | | | | | | $1,755,748.00 | | | | | | |
| ***Subtotal Construction*** | **$38,004,813.00** | **$1,134,110.00** | **$34,700,687.00** | **$16,786.85** | **$0.00** | **$531,591.15** | **$1,755,748.00** | **$1,000,000.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** |
| ***SOFT COSTS*** | | | | | | | | | | | | | |
| Local Development Impact Fees | $4,000,000.00 | | $1,555,748.00 | | $2,000,000.00 | | $444,252.00 | | | | | | |
| Local Permit Processing Fees | $435,160.00 | | | $435,160.00 | | | | | | | | | |
| Environmental Studies | $87,000.00 | | | $87,000.00 | | | | | | | | | |
| Appraisal | $15,000.00 | | | $15,000.00 | | | | | | | | | |
| Engineering | $400,000.00 | | | $400,000.00 | | | | | | | | | |
| Architectural Design & Supervision | $850,000.00 | | | $850,000.00 | | | | | | | | | |
| Soils Engineer | $125,000.00 | | | $125,000.00 | | | | | | | | | |
| Market Study | $15,000.00 | | | $15,000.00 | | | | | | | | | |
| Legal: Construction | $200,000.00 | $200,000.00 | | $200,000.00 | | | | | | | | | |
| Legal: Permanent | $15,000.00 | | | | | | | | | | | $15,000.00 | |
| Legal: Syndication | $47,800.00 | $47,800.00 | | | | | | | | | | $47,800.00 | |
| Title/Recording/Escrow - Construction | $90,000.00 | $90,000.00 | | $89,900.00 | | | | | | | $100.00 | | |
| Performance Deposit | $700,000.00 | | | | | | | | | | | $700,000.00 | |
| BofA Construction Loan Interest | $5,380,280.00 | | | $3,715,606.15 | | | | | | $195,784.00 | | $1,468,889.85 | |
| Cash Collateralized Const. Loan Interest | $3,719,910.00 | | | | | | | | | $3,719,910.00 | | | |
| Marketing (lease-up, Advertisement, Setup) | $149,500.00 | | | | | | | | | | | $149,500.00 | |
| Construction Monitoring | $34,000.00 | | | $34,000.00 | | | | | | | | | |
| Real Estate Taxes | $200,000.00 | | | | | | | | | | | $200,000.00 | |
| TCAC App/Allocation - (Mont. Fee Below) | $33,574.00 | | | | | | | | | | | $33,574.00 | |
| Soft Cost Contingency | $800,000.00 | | | | | | $800,000.00 | | | | | | |
| Investor Due Diligence | $60,000.00 | $60,000.00 | | | | | | | | | | $60,000.00 | |
| Audit/Cost Certification | $49,056.15 | | | | | | | | | | | $49,056.15 | |
| Developer Fee (Overhead) | $1,979,954.00 | | | | | | | | $195,476.00 | | | $0.00 | $1,784,478.00 |
| Developer Fee (Profit) | $5,939,863.00 | | | | | | | | $5,939,863.00 | | | | |
| ***Subtotal Soft Costs*** | **$25,326,097.15** | **$397,800.00** | **$1,555,748.00** | **$5,966,666.15** | **$2,000,000.00** | **$0.00** | **$1,244,252.00** | **$0.00** | **$6,135,339.00** | **$3,915,694.00** | **$100.00** | **$2,723,820.00** | **$1,784,478.00** |
| ***COSTS DEFERRED UNTIL CONVERSION*** | | | | | | | | | | | | | |
| Title/Recording/Escrow - Permanent | $52,303.00 | | | | | | | | | | | | $52,303.00 |
| Operating Reserve | $966,500.00 | | | | | | | | | | | | $966,500.00 |
| TCAC Monitoring Fee | $79,800.00 | | | | | | | | | | | | $79,800.00 |
| Conversion Fee | $10,000.00 | | | | | | | | | | | | $10,000.00 |
| ***Subtotal Deferred Costs*** | **$1,108,603.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$1,108,603.00** |
| ***FINANCING COSTS*** | | | | | | | | | | | | | |
| Issuer Origination Fee (CMFA) | $45,628.00 | $45,628.00 | | $45,628.00 | | | | | | | | | |
| Issuer Counsel | $7,500.00 | $7,500.00 | | $7,500.00 | | | | | | | | | |
| Bond Counsel | $60,000.00 | $60,000.00 | | $60,000.00 | | | | | | | | | |
| Constr. Lender Orig. Fees | $362,564.00 | $362,564.00 | | $362,564.00 | | | | | | | | | |
| Constr. Lender Expense | $11,875.00 | $11,875.00 | | $11,875.00 | | | | | | | | | |
| Constr. Lender Legal | $85,000.00 | $85,000.00 | | $85,000.00 | | | | | | | | | |
| Perm Lender Orig. Fees | $134,457.00 | $134,457.00 | | $134,457.00 | | | | | | | | | |
| Perm Lender Due Diligence Expenses | $15,000.00 | $15,000.00 | | $15,000.00 | | | | | | | | | |
| Perm Lender Legal | $75,000.00 | $75,000.00 | | $75,000.00 | | | | | | | | | |
| Forward Standby Fee | $60,506.00 | $60,506.00 | | $60,506.00 | | | | | | | | | |
| Perm Lender Application Fee | $13,446.00 | $13,446.00 | | $13,446.00 | | | | | | | | | |
| Perm Lender Construction Monitoring Fee | $14,400.00 | $14,400.00 | | $14,400.00 | | | | | | | | | |
| CDLAC Fee | $12,690.00 | $12,690.00 | | $12,690.00 | | | | | | | | | |
| CDIAC Fee | $5,438.00 | $5,438.00 | | $5,438.00 | | | | | | | | | |
| Issuer Fee During Construction | $54,385.00 | | | | | | | | | | | $54,385.00 | |
| Bond Underwriter (Cash Collateralized) | $217,539.00 | $217,539.00 | | $217,539.00 | | | | | | | | | |
| Underwriter / Disclosure Counsel | $65,000.00 | $65,000.00 | | $65,000.00 | | | | | | | | | |
| Underwriter Counsel | $150,000.00 | $150,000.00 | | $150,000.00 | | | | | | | | | |
| Rating/Trustee/Verification/Misc. | $20,000.00 | $20,000.00 | | $20,000.00 | | | | | | | | | |
| Arbitrage Deposit | $195,784.00 | $195,784.00 | | $195,784.00 | | | | | | | | | |
| ***Subtotal Financing Costs*** | **$1,606,212.00** | **$1,551,827.00** | **$0.00** | **$1,551,827.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$0.00** | **$54,385.00** | **$0.00** |
| **TOTAL DEVELOPMENT COST** | **$70,075,725.15** | **$7,113,737.00** | **$36,256,435.00** | **$7,535,280.00** | **$6,030,000.00** | **$531,591.15** | **$3,000,000.00** | **$1,000,000.00** | **$6,135,339.00** | **$3,915,694.00** | **$100.00** | **$2,778,205.00** | **$2,893,081.00** |



Exhibit I
Project Budget

1603\62\4017334.8 with 3812672.1
REDLINE 4041745.1
1603\62\4041746.1

**Second Street Family Apts. - 115 Units**
**Developer: C&C**
**Version: Preliminary Analysis**

7/24/2024

**CONSTRUCTION USES BY FUNDING SOURCE**

| | Total Project Costs | Closing Costs | Tax Exempt Const. Loan | City of Corona Land Loan | City - Impact Fee Deferral | City of Corona LMIHAF | City of Corona HOME-ARP | General Partner Equity | Limited Partner Equity | Other Costs Deferred Until Completion |
|---|---|---|---|---|---|---|---|---|---|---|
| ***ACQUISITION*** | | | | | | | | | | |
| Land | $4,000,000 | $4,000,000 | | $4,000,000 | | - | | | | |
| ***Subtotal Acquisition*** | **$4,000,000** | **$4,000,000** | **$0** | **$4,000,000** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |
| ***CONSTRUCTION*** | | | | | | | | | | |
| Residential Structures | $29,495,632 | | $29,070,757 | | | | $424,875 | | | |
| Site Work | $2,472,500 | | | | | 1,834,532 | $105,000 | | $532,968 | |
| General Requirement | $639,363 | | 429,243 | | | | | | $210,120 | |
| GC Overhead | $1,918,088 | | $1,400,000 | | | | | | $518,088 | |
| Contractor Profit | $1,918,088 | | $1,500,000 | | | | | | $418,088 | |
| Builder's Risk & Liability Insurance | $834,110 | $834,110 | $100,000 | | | $734,110 | | | | |
| Construction Contingency | $1,822,184 | | | | | | | | 1,822,184 | |
| ***Subtotal Construction*** | **$39,099,965** | **$834,110** | **$32,500,000** | **$0** | **$0** | **$2,568,642** | **$529,875** | **$0** | **$3,501,448** | **$0** |
| ***SOFT COSTS*** | | | | | | | | | | |
| Local Development Impact Fees | $4,000,000 | $4,000,000 | | | $2,000,000 | 1,000,000 | | | $1,000,000 | |
| Local Permit Processing Fees | $435,160 | $435,160 | | | | $435,060 | | $100 | | |
| Environmental Studies | $70,000 | $70,000 | | | | $70,000 | | | | |
| Appraisal | $10,000 | $10,000 | | | | $10,000 | | | | |
| Engineering | $400,000 | $400,000 | | | | $400,000 | | | | |
| Architectural Design & Supervision | $850,000 | $850,000 | | | | $850,000 | | | | |
| Soils Engineer | $125,000 | $125,000 | | | | $125,000 | | | | |
| Market Study | $15,000 | $15,000 | | | | $15,000 | | | | |
| Legal: Construction | $200,000 | $200,000 | | | | $200,000 | | | | |
| Legal: Permanent | $10,000 | $10,000 | | | | $10,000 | | | | |
| Legal: Organization of Partnership | $5,000 | $5,000 | | | | $5,000 | | | | |
| Legal: Syndication | $36,682 | $36,682 | | | | $36,682 | | | | |
| Title/Recording/Escrow - Construction | $50,000 | $50,000 | | | | $50,000 | | | | |
| Const. Loan Interest | $3,600,500 | | | | | $1,000,000 | | | $2,600,500 | |
| Marketing (lease-up, Advertisement, Setup) | $95,000 | | | | | | | | $95,000 | |
| Construction Inspection | $20,000 | | | | | $20,000 | | | | |
| Real Estate Taxes | $100,000 | | | | | | | | 100,000 | |
| TCAC App/Allocation - (Mont. Fee Below) | $31,146 | | | | | | | | $31,146 | |
| Soft Cost Contingency | $550,000 | | | | | | | | 550,000 | |
| Investor Due Diligence | $60,000 | $60,000 | | | | | | | $60,000 | |
| Audit/Cost Certification | $30,000 | | | | | | | | $30,000 | |
| Developer Fee (Overhead) | $1,496,392 | $625,000 | | | | | | | 625,000 | $871,392 |
| Developer Fee (Profit) | $5,516,612 | | | | | | | | | $5,516,612 |
| ***Subtotal Soft Costs*** | **$17,706,492** | **$6,891,842** | **$0** | **$0** | **$2,000,000** | **$4,226,742** | **$0** | **$100** | **$5,091,646** | **$6,388,004** |
| ***COSTS DEFERRED UNTIL CONVERSION*** | | | | | | | | | | |
| Title/Recording/Escrow - Permanent | $20,000 | | | | | | | | | $20,000 |
| Operating Reserve | $362,500 | | | | | | | | | $362,500 |
| TCAC Monitoring Fee | $70,700 | | | | | | | | | $70,700 |
| ***Subtotal Deferred Costs*** | **$453,200** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$453,200** |
| ***FINANCING COSTS*** | | | | | | | | | | |
| Issuer Origination Fee (CMFA) | $60,938 | $60,938 | | | | $60,938 | | | | |
| Issuer Counsel | $7,500 | $7,500 | | | | $7,500 | | | | |
| Bond Counsel | $58,000 | $58,000 | | | | $58,000 | | | | |
| Constr. Lender Orig. Fees | $325,000 | $325,000 | | | | $325,000 | | | | |
| Constr. Lender Expense | $11,875 | $11,875 | | | | $11,875 | | | | |
| Constr. Lender Legal | $85,000 | $85,000 | | | | $85,000 | | | | |
| Perm Lender Orig. Fees & Expenses | $84,740 | $84,740 | | | | $84,740 | | | | |
| Perm Lender Expenses | $10,000 | $10,000 | | | | $10,000 | | | | |
| Perm Lender Legal | $60,000 | $60,000 | | | | $60,000 | | | | |
| CDLAC Fee | $11,375 | $11,375 | | | | $11,375 | | | | |
| CDIAC Fee | $4,875 | $4,875 | | | | $4,875 | | | | |
| Issuer Fee During Construction | $40,625 | $20,313 | | | | $20,313 | | | $20,312 | |
| ***Subtotal Financing Costs*** | **$759,928** | **$739,616** | **$0** | **$0** | **$0** | **$739,616** | **$0** | **$0** | **$20,312** | **$0** |
| **TOTAL DEVELOPMENT COST** | **$62,019,585** | **$12,465,568** | **$32,500,000** | **$4,000,000** | **$2,000,000** | **$7,535,000** | **$529,875** | **$100** | **$8,613,406** | **$6,841,204** |

240724_2nd Street Family Apts. (115 Units)_57% AMI.xlsx

## *Second Street Family Apts. - 115 Units*

**Developer: C&C**
**Version: Preliminary Analysis**



**ESTIMATED CONSTRUCTION DRAW SCHEDULE**

| | | | | | | | | | | | | | | | 8.64% | INTEREST | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Month/ Year | Monthly Draws | Total Drawn | % Drawn | City of Corona Land Loan | City - Impact Fee Deferral | City of Corona LMIHAF | City of Corona LMIHAF Balance | City of Corona HOME-ARP | City of Corona HOME-ARP Balance | GP/LP Equity | GP/LP Equity Balance | Tax Exempt Const. Loan | Tax Exempt Const. Loan Outstanding Draw | Tax Exempt Const. Loan Balance | Tax Exempt Const. Loan Interest | Interest in Basis | Interest Expensed |
| CLOSING | Jan-26 | 12,465,568 | 12,465,568 | | $4,000,000 | $2,000,000 | $4,680,468 | $2,854,532 | $0 | $529,875 | $1,685,100 | $6,928,406 | $100,000 | $100,000 | $32,400,000 | $720 | $720 | $0 |
| 1 | Feb-26 | 1,054,892 | 13,520,460 | 2% | $0 | $0 | $1,054,892 | $1,799,640 | $0 | $529,875 | $0 | $6,928,406 | $0 | $100,000 | $32,400,000 | $720 | $720 | $0 |
| 2 | Mar-26 | 1,054,892 | 14,575,352 | 2% | $0 | $0 | $1,054,892 | $744,748 | $0 | $529,875 | $0 | $6,928,406 | $0 | $100,000 | $32,400,000 | $720 | $720 | $0 |
| 3 | Apr-26 | 1,374,573 | 15,949,925 | 3% | $0 | $0 | $720 | $744,028 | $105,000 | $424,875 | $967,000 | $5,961,406 | $301,853 | $401,853 | $32,098,147 | $2,893 | $2,893 | $0 |
| 4 | May-26 | 1,374,573 | 17,324,498 | 3% | $0 | $0 | $2,893 | $741,135 | $0 | $424,875 | $0 | $5,961,406 | $1,371,680 | $1,773,533 | $30,726,467 | $12,769 | $12,769 | $0 |
| 5 | Jun-26 | 1,374,573 | 18,699,071 | 3% | $0 | $0 | $12,769 | $728,366 | $0 | $424,875 | $0 | $5,961,406 | $1,361,804 | $3,135,337 | $29,364,663 | $22,574 | $22,574 | $0 |
| 6 | Jul-26 | 1,374,573 | 20,073,644 | 3% | $0 | $0 | $22,574 | $705,792 | $0 | $424,875 | $0 | $5,961,406 | $1,351,999 | $4,487,336 | $28,012,664 | $32,309 | $32,309 | $0 |
| 7 | Aug-26 | 1,374,573 | 21,448,217 | 3% | $0 | $0 | $32,309 | $673,483 | $0 | $424,875 | $0 | $5,961,406 | $1,342,264 | $5,829,600 | $26,670,400 | $41,973 | $41,973 | $0 |
| 8 | Sep-26 | 1,374,573 | 22,822,790 | 3% | $0 | $0 | $41,973 | $631,510 | $105,000 | $319,875 | $0 | $5,961,406 | $1,227,600 | $7,057,201 | $25,442,799 | $50,812 | $50,812 | $0 |
| 9 | Oct-26 | 1,374,573 | 24,197,363 | 3% | $0 | $0 | $50,812 | $580,698 | $0 | $319,875 | $0 | $5,961,406 | $1,323,761 | $8,380,962 | $24,119,038 | $60,343 | $60,343 | $0 |
| 10 | Nov-26 | 1,374,573 | 25,571,936 | 3% | $0 | $0 | $60,343 | $520,355 | $0 | $319,875 | $0 | $5,961,406 | $1,314,230 | $9,695,192 | $22,804,808 | $69,805 | $69,805 | $0 |
| 11 | Dec-26 | 1,374,573 | 26,946,509 | 3% | $0 | $0 | $69,805 | $450,550 | $0 | $319,875 | $0 | $5,961,406 | $1,304,768 | $10,999,960 | $21,500,040 | $79,200 | $79,200 | $0 |
| 12 | Jan-27 | 1,374,573 | 28,321,083 | 3% | $0 | $0 | $79,200 | $371,350 | $0 | $319,875 | $0 | $5,961,406 | $1,295,373 | $12,295,333 | $20,204,667 | $88,526 | $88,526 | $0 |
| 13 | Feb-27 | 1,374,573 | 29,695,656 | 3% | $0 | $0 | $88,526 | $282,824 | $105,000 | $214,875 | $0 | $5,961,406 | $1,181,047 | $13,476,380 | $19,023,620 | $97,030 | $97,030 | $0 |
| 14 | Mar-27 | 1,374,573 | 31,070,229 | 3% | $0 | $0 | $97,030 | $185,794 | $0 | $214,875 | $0 | $5,961,406 | $1,277,543 | $14,753,923 | $17,746,077 | $106,228 | $106,228 | $0 |
| 15 | Apr-27 | 1,374,573 | 32,444,802 | 3% | $0 | $0 | $106,228 | $79,566 | $0 | $214,875 | $0 | $5,961,406 | $1,268,345 | $16,022,268 | $16,477,732 | $115,360 | $115,360 | $0 |
| 16 | May-27 | 2,653,298 | 35,098,100 | 7% | $0 | $0 | $79,566 | $0 | $0 | $214,875 | $0 | $5,961,406 | $2,573,732 | $18,596,000 | $13,904,000 | $133,891 | $133,891 | $0 |
| 17 | Jun-27 | 2,653,298 | 37,751,399 | 7% | $0 | $0 | $0 | $0 | $0 | $214,875 | $2,652,000 | $3,309,406 | $1,298 | $18,597,299 | $13,902,701 | $133,901 | $133,901 | $0 |
| 18 | Jul-27 | 2,972,980 | 40,724,378 | 8% | $0 | $0 | $0 | $0 | $105,000 | $109,875 | $0 | $3,309,406 | $2,867,980 | $21,465,278 | $11,034,722 | $154,550 | $154,550 | $0 |
| 19 | Aug-27 | 2,972,980 | 43,697,358 | 8% | $0 | $0 | $0 | $0 | $0 | $109,875 | $0 | $3,309,406 | $2,972,980 | $24,438,258 | $8,061,742 | $175,955 | $175,955 | $0 |
| 20 | Sep-27 | 2,972,980 | 46,670,338 | 8% | $0 | $0 | $0 | $0 | $0 | $109,875 | $0 | $3,309,406 | $2,972,980 | $27,411,238 | $5,088,762 | $197,361 | $197,361 | $0 |
| 21 | Oct-27 | 3,292,661 | 49,962,999 | 9% | $0 | $0 | $0 | $0 | $0 | $109,875 | $3,292,661 | $16,745 | $0 | $27,411,238 | $5,088,762 | $197,361 | $197,361 | $0 |
| 22 | Nov-27 | 3,612,342 | 53,575,341 | 10% | $0 | $0 | $0 | $0 | $109,875 | $0 | $16,745 | $0 | $3,485,722 | $30,896,960 | $1,603,040 | $222,458 | $222,458 | $0 |
| 23 | Dec-27 | 224,071 | 53,799,412 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $224,071 | $31,121,031 | $1,378,969 | $224,071 | $0 | $224,071 |
| 24 | Jan-28 | 225,696 | 54,025,108 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $225,696 | $31,346,727 | $1,153,273 | $225,696 | $0 | $225,696 |
| 25 | Feb-28 | 227,333 | 54,252,441 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $227,333 | $31,574,060 | $925,940 | $227,333 | $0 | $227,333 |
| 26 | Mar-28 | 228,982 | 54,481,423 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $228,982 | $31,803,042 | $696,958 | $228,982 | $0 | $228,982 |
| 27 | Apr-28 | 230,643 | 54,712,066 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $230,643 | $32,033,685 | $466,315 | $230,643 | $0 | $230,643 |
| 28 | May-28 | 232,315 | 54,944,381 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $232,315 | $32,266,000 | $234,000 | $232,315 | $0 | $232,315 |
| 29 | Jun-28 | 234,000 | 55,178,381 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $234,000 | $32,500,000 | $0 | $234,000 | $0 | $234,000 |
| 30 | **Conversion** | - | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $32,500,000 | $0 | $0 | $0 | $0 |
| | | | | 100% | $4,000,000 | $2,000,000 | $7,535,000 | | $529,875 | | $8,613,506 | | $32,500,000 | $532,569,694 | | $3,600,499 | $1,997,459 | $1,603,040 |

**EXHIBIT "Q"**

**TO**

**FIRST AMENDED AND RESTATED**

**-AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**(Corona Second Street Family Apartments)**

**HOME-ARP NOTE**

**[SEE ATTACHED ~~SEVEN~~EIGHT (~~7~~8) PAGES]**

**FIRST AMENDED AND RESTATED**
**AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT**

**HOME-ARP PROMISSORY NOTE SECURED BY DEED OF TRUST**

**(Corona Second Street Family Apartments)**

| | |
|---|---|
| **Principal Amount**: $~~529,875.00~~531,591.15 | **Date of Note**: _____, ~~202__~~2025 |
| **Maker**: SECOND STREET FAMILY LP, a California limited partnership | **Lender**: CITY OF CORONA, a municipal corporation |
| **Maturity Date**: _____ | **Interest Rate:** One Percent (1.0%) |

1. City HOME-ARP Loan.

FOR VALUE RECEIVED, the undersigned, SECOND STREET FAMILY LP, a California limited partnership ("**Maker")**, with its principal place of business located at 414 E. Chapman Avenue, Orange, CA 92866, promises to pay to the CITY OF CORONA, a municipal corporation (the "**City**" or "**Holder**") at 400 S. Vicentia Avenue, Corona, California, 92882, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of Five Hundred ~~Twenty-Nine~~Thirty One Thousand ~~Eighty~~Five Hundred ~~Seventy-Five~~Ninety-One and Fifteen Hundredths Dollars ($~~529,875.00~~531,591.15), (the "**HOME-ARP Loan**"), together with any accrued interest, if applicable, as set forth in this Note. This Promissory Note (the "**Note**") is made and given pursuant to that certain First Amended and Restated Affordable Housing Disposition and Development Agreement among the City, the City of Corona Housing Authority, a public body, corporate and politic, organized under the laws of the State of California, and Maker, dated _____, ~~2024~~2025 (the "**Affordable Housing Agreement**"). The Affordable Housing Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Affordable Housing Agreement. Funds for the HOME-ARP Loan consist of $~~529,875.00~~531,591.15 in HOME-ARP funds. The HOME-ARP Loan is made to finance the Project's predevelopment, development, and construction costs in accordance with the terms and conditions of the Affordable Housing Agreement.

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest, if any, and principal shall be due and payable in full without any further demand or notice fifty-five (55) years from the date on which the Certificate of Completion is issued ("**Maturity Date**").

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Security for Note.

This Note is secured by a Deed of Trust executed by Maker which creates a lien on that certain real property as described therein and in the Affordable Housing Agreement.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of one percent (1.0%) per annum on the basis of actual days in a 365 day year, except in the case of Default as set forth in Section 9 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Annual Payment.

Following completion of the Project as evidenced by the issuance ~~by~~of the ~~City of a~~ Certificate of ~~Occupancy as defined in Section 111.2 of the California Building Code, 2013 Municipal Code~~Completion pursuant to the Affordable Housing Agreement, and continuing each year thereafter until the Maturity Date, a portion of the Residual Receipts (as defined below) from the Project shall be paid to Holder and applied to pay down the amounts due and owing under this Note. The payments described below shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of ~~Occupancy~~Completion for the Project, and continuing each year thereafter.

a. Annual Payments from Residual Receipts. After the Fee Deferral Note, has been paid in full, Maker shall make repayments of the outstanding principal and accrued interest of this Note, if any, equal to the Authority/City's Share of Fifty Percent (50%) of the Residual Receipts from the Project as repayment of amounts due and owing under this Note. For the purposes of this Note, "**Authority/City's Share**" means seventy-nine and eighty-two hundredths percent (79.82%), which is the percentage calculated by dividing (1) the total sum of the original principal amounts of the Fee Deferral Loan, the HOME-ARP Loan, the Land Loan and the Project Loan by (2) the sum of the principal amounts of all loans from all government entities obtained by the Maker for the Project to the extent not requiring a mandatory debt service payment.

Such annual payments shall be accompanied by the Maker's report of Residual Receipts. The Maker shall provide the Holder with the audited financial statement provided for in Section 6, and any other documentation reasonably requested by Holder to substantiate the Maker's determination of Residual Receipts.

All payments made hereunder shall be credited first to any accrued but unpaid interest (if applicable), then to current interest due and owing and lastly to principal. Interest not

paid current each year shall be added to and thereafter be considered additional principal due hereunder.

Notwithstanding the foregoing, the entire outstanding balance of principal and any interest owing under this Note shall be due and payable in full fifty-five (55) years from the date ~~hereof~~of issuance of the Certificate of Completion.

Prior to any sale of all or any portion of the Project, or Refinancing of all or any portion of the outstanding debt from the Project, and so long as there is any outstanding amount due and owing under this Note, Maker shall notify Holder of any such proposed or intended sale or Refinancing. The City Manager shall have the right to review all documents related to and to approve or disapprove any Refinancing or that will increase the interest rate or increase the outstanding principal amount of such outstanding debt or cause or require the release or withdrawal of cash or equity from any part of the Project. The City Manager shall reasonably consider any such proposed Refinancing based on an economic evaluation conducted by City's economic consultant that analyzes the effect of the proposed Refinancing (i) the availability of Residual Receipts to repay this Note (and any other subordinate loans), (ii) the availability of Cost Savings, and (iii) the ability of Maker to repay any outstanding debt or other liens, if any, against the Project or Property as such payment becomes due. In such event, Maker and Holder shall meet and confer, and shall use good faith efforts, to determine the feasibility of the payoff or restructuring of the remaining balance owing under this Note as part of any such sale or Refinancing to provide for repayment of this Note sooner than the fifty-five (55) year repayment period. Nothing herein shall be construed or interpreted to give the City Manager with the authority to review and approve (or disapprove) a Refinancing that includes in any manner the Resyndication of the Project.

b. Residual Receipts. For the purposes of this Note, "**Residual Receipts**" shall mean the sum of money computed as follows:

(i) All rents, revenues, consideration or income (of any form) received by Maker in connection with or relating to the ownership or operation of the Project, including any Net Refinancing Proceeds and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) ("Gross Revenue") less all of the following: all customary and reasonable costs and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for Property Insurance and Liability Insurance; the normally amortized principal and interest payments due on mortgages that are Senior to this Note; utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services in an amount approved as part of the Annual Budget; payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and operating deficit loans relating to the Project in an amount approved as part of the Annual Budget; asset management fee payable to the limited partner of Maker and partnership management fee payable to Maker, which fees together shall not exceed Thirty Thousand Dollars ($30,000) per year during the first year after issuance of the Certificate of

Completion with allowable annual escalations of up to two and one-half percent (2.5%) per year with any greater amount to be approved by the Authority in the Annual Budget; reasonable property management fees not to exceed Seventy Dollars ($70) per unit per month during the first year after issuance of the Certificate of Completion with allowable annual escalations of up to three percent (3%) per year or greater amount as approved by the Authority in the Annual Budget; deferred Developer Fee in an amount approved as part of the Project Budget (as defined in the Affordable Housing Agreement); amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the Authority for the Project (collectively "Operating Expenses").

(ii) Notwithstanding the generality of the foregoing, the following items are not expenses or deductible in computing Residual Receipts:

~~(E)~~(A) Payment of any fees or expenses or of any portion of the Residual Receipts to Maker or any affiliate of Maker, except as specifically set forth herein;

~~(F)~~(B) Income taxes imposed upon Maker's income;

~~(G)~~(C) Payment of principal or interest on any indebtedness of Maker to any Lender, including any affiliate of Maker (individual or entity) or partner of Maker, except as specifically approved by Holder in writing or otherwise set forth herein; and

~~(H)~~(D) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

c. Special Repayment for Unleased HOME-ARP Units . As required under 24 C.F.R. 92.252, if Maker fails to initially lease any one of the HOME-ARP Units (as defined in the Regulatory Agreement) within eighteen (18) months after the recordation of the Certificate of Completion, Maker shall pay to the Authority a proportionate share of the HOME-ARP funds loaned to Maker by the Authority under the Affordable Housing Agreement attributable to each of the HOME-ARP Units that ~~remain unleased for~~have never been leased during the entire eighteen (18) month period, together with any accrued interest thereon calculated pursuant to Section 4, which amount shall be immediately due and payable.

6. Audited Financial Statement.

Maker shall annually provide Holder with an audited financial statement documenting the calculation of Residual Receipts for the previous calendar year ending December 31. The audited financial statement shall be provided on or before April 1, together with payment of the Residual Receipts payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder

cannot agree on the amount of the Residual Receipts payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Annual Budget.

Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project ("Annual Budget") no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. Holder will review the Annual Budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the Annual Budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Acceleration Upon Certain Events or Upon Default.

In the event of any Default under the terms of this Note, the Affordable Housing Agreement or the Regulatory Agreement, the Deed of Trust which is the security for this Note, or under any Senior loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Default, and such Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this Note shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this Note or any part thereof or interest therein, without first obtaining the prior written consent of the Holder (except for a Permitted Transfer, as defined in the Affordable Housing Agreement), then, at the option of the Holder, all principal and interest due hereunder shall immediately become due and payable upon thirty (30) days written notice from the Holder to the Maker. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the Affordable Housing Agreement shall not constitute a Default hereunder or under the Affordable Housing Agreement, and any such action shall not accelerate the maturity of this Promissory Note, provided that any transfer is either a Permitted Transfer as defined in the Affordable Housing Agreement or is reasonably acceptable to the Authority with reasonable promptness,

and any transferee under such a transfer agrees to be bound by any and all instruments in favor of the Authority.

9. Interest on Default.

From and after a Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

10. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys fees in any action to enforce payment of this instrument.

11. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Note.

12. Indemnification.

Maker shall indemnify, defend, protect and hold the Authority harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or related agreements; (ii) intentional bad faith waste of the real property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note and the Affordable Housing Agreement.

13. Nonrecourse.

This Note shall become a nonrecourse obligation of Maker on the date that Maker files a valid and timely Notice of Completion for the Project and the Holder must resort only to the Project or the Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby. At such time as this Note becomes nonrecourse, neither Maker nor any of its general

and limited partner shall have any personal liability for repayment of the HOME-ARP Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except for actual or constructive fraud, material misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Affordable Housing Agreement or any other agreements or documents provided in connection therewith; (ii) intentional bad faith waste of the Property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such breach.

14. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

15. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of Default hereunder.

**[Signatures on Following Page]**

MAKER:

SECOND STREET FAMILY LP, a California limited partnership

By: OHDC Second Street Family LLC,
a California limited liability company,
its managing general partner

By: Orange Housing Development Corporation,
a California nonprofit corporation,
its sole member and manager

By: _____
Eunice Bobert, Chief Executive Officer

By: C&C Second Street Family LLC,
a California limited liability company,
its developer general partner

By: C & C Development Co., LLC,
a California limited liability company,
its sole member and manager

By: _____
Todd R. Cottle, Trustee of the 2007 Todd R. Cottle and Jennifer N. Cottle Revocable Trust,
its member