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HOUSING COMMISSION AGENDA

Community Room at Washington Street Apartments
42-800 Washington Street, La Quinta

SPECIAL MEETING
WEDNESDAY, MAY 17, 2017 AT 6:00 P.M.

CALL TO ORDER

1. ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

At this time, members of the public may address the Housing Commission on any matter not listed on the agenda. *Please complete a "Request to Speak" form and limit your comments to three minutes.* The Housing Commission values your comments; however in accordance with State law, no action shall be taken on any item not appearing on the agenda unless it is an emergency item authorized by GC 54954.2(b).

CONFIRMATION OF AGENDA

CONSENT CALENDAR

1. APPROVE MINUTES OF APRIL 12, 2017

BUSINESS SESSION

1. REVIEW AND RECOMMEND AN AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT AND ASSOCIATED SUMMARY REPORT BETWEEN THE LA QUINTA HOUSING AUTHORITY AND COACHELLA VALLEY HOUSING COALITION TO PURCHASE PROPERTY LOCATED AT THE SOUTHEAST CORNER OF HIDDEN RIVER ROAD AND WASHINGTON STREET FOR THE PURPOSE OF REHABILITATING CONSTRUCTING AND OPERATING AFFORDABLE RENTAL HOUSING

STUDY SESSION – NONE

DEPARTMENT REPORTS

1. ESTABLISHMENT OF A HOUSING AUTHORITY LOCAL AGENCY INVESTMENT FUND (LAIF) ACCOUNT

REPORTS AND INFORMATIONAL ITEMS

COMMISSIONERS' ITEMS

ADJOURNMENT

The next regular meeting of the La Quinta Housing Commission will be held on June 7, 2017, commencing at 6:00 p.m. at the La Quinta Study Session Room, 78-495 Calle Tampico, La Quinta, CA 92253.

DECLARATION OF POSTING

I, Gilbert Villalpando, Housing Coordinator, of the City of La Quinta, do hereby declare that the foregoing Agenda for the Housing Commission meeting was posted on the City's website, near the entrance to the Council Chambers at 78-495 Calle Tampico, and the bulletin boards at the Stater Brothers Supermarket at 78-630 Highway 111, and the La Quinta Cove Post Office at 51-321 Avenida Bermudas, on May 12, 2017.

DATED: May 12, 2017



Gilbert C. Villalpando, Housing Coordinator
City of La Quinta, California

PUBLIC NOTICES

The La Quinta City Study Session Room is handicapped accessible. If special equipment is needed for the hearing impaired, please call the City Clerk's office at 777-7103, twenty-four (24) hours in advance of the meeting and accommodations will be made.

If special electronic equipment is needed to make presentations to the Commission, arrangements should be made in advance by contacting the City Clerk's office at 777-7103. A one (1) week notice is required.

If background material is to be presented to the Commission during a Housing Commission meeting, please be advised that eight (8) copies of all documents, exhibits, etc., must be supplied to the Secretary for distribution. It is requested that this take place prior to the beginning of the meeting.

Any writings or documents provided to a majority of the Commission regarding any item(s) on this agenda will be made available for public inspection at The Hub counter at City Hall located at 78-495 Calle Tampico, La Quinta, California, 92253, during normal business hours.



**HOUSING COMMISSION
MINUTES
WEDNESDAY, APRIL 12, 2017**

A regular meeting of the Housing Commission was called to order at 6:00 p.m. by Chairperson Rogers.

PRESENT: Commission Members Johnson, Long and Chair Rogers
ABSENT: None

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT ON MATTERS NOT ON AGENDA – None

CONFIRMATION OF AGENDA - Confirmed

CONSENT CALENDAR

1. APPROVE MINUTES OF MARCH 22, 2017

Motion – A motion was made and seconded by Commissioners Long/Johnson to approve the Consent Calendar as recommended. Motion passed unanimously.

BUSINESS SESSION

1. REVIEW AND RECOMMEND AMENDMENT NO. 3 TO THE AFFORDABLE HOUSING AGREEMENT BY AND BETWEEN THE LA QUINTA HOUSING AUTHORITY AND HABITAT FOR HUMANITY OF THE COACHELLA VALLEY, INC.

Management Specialist Villapando presented the staff, which is on file in the Clerk’s Office.

Motion – A motion was made and seconded by Commissioners Long/Johnson to approve Amendment No. 3 to the Affordable Housing Agreement as recommended. Motion passed unanimously.

2. REVIEW LA QUINTA HOUSING AUTHORITY ANNUAL REPORT FOR FISCAL YEAR 2015/16 PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34328.

Management Specialist Villapando presented the staff report, which is on file in the Clerk’s Office.

Motion – A motion was made and seconded by Commissioners Long/Johnson to approve the Fiscal Year 2015-16 Housing Authority Annual Report as recommended. Motion passed unanimously.

STUDY SESSION – None

DEPARTMENT REPORTS

1. VERBAL REPORT FROM STAFF ON DISPOSITION AND DEVELOPMENT AGREEMENT FOR WASHINGTON STREET APARTMENTS

Development Consultant McMillen provided a verbal update on the project.

PUBLIC SPEAKER: Ms. Linda Gunnett, La Quinta – requested clarification on the cost of the development.

Staff explained the funding of the project.

REPORTS AND INFORMATIONAL ITEMS – None

COMMISSIONER ITEMS – None

DIRECTOR ITEMS – None

ADJOURNMENT

A motion was made and seconded by Commission Members Long/Johnson to adjourn the meeting at 6:47 p.m. Motion passed unanimously.

Respectfully submitted,

Marilyn Monreal, Management Assistant

City of La Quinta

HOUSING COMMISSION MEETING: May 17, 2017

STAFF REPORT

AGENDA TITLE: REVIEW AND RECOMMEND AN AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT AND ASSOCIATED SUMMARY REPORT BETWEEN THE LA QUINTA HOUSING AUTHORITY AND COACHELLA VALLEY HOUSING COALITION TO PURCHASE PROPERTY LOCATED AT THE SOUTHEAST CORNER OF HIDDEN RIVER ROAD AND WASHINGTON STREET FOR THE PURPOSE OF REHABILITATING CONSTRUCTING AND OPERATING AFFORDABLE RENTAL HOUSING

RECOMMENDATION

Recommend an Affordable Housing and Property Disposition Agreement and Associated Summary Report by and between the La Quinta Housing Authority and Coachella Valley Housing Coalition.

EXECUTIVE SUMMARY

- October 2008 - the La Quinta Redevelopment Agency (Agency) purchased the Washington Street Apartments (WSA) and the unimproved real property adjacent to the complex.
- The Agency has been dissolved and the Sites, together with the other housing assets of the Agency, have been transferred to the La Quinta Housing Authority (Authority) for development of housing projects.
- The Summary Report (attachment 1) sets forth certain details of the proposed Affordable Housing and Property Disposition Agreement (AHPDA) (attachment 2) by and between the Coachella Valley Housing Coalition (Developer) and the Authority. The Agreement facilitates the transfer of the existing Washington Street Apartments and an adjacent vacant land parcel ("Site"), and the renovation, development and operation thereon of a 138 unit senior and disabled adult complex.

FISCAL IMPACT - The AHPDA will obligate the Authority to invest \$10,400,000 to the project. To date, the Authority has expended \$8,783,738 to acquire property, design roadway and utility infrastructure improvements, prepare a specific plan, and conduct the environmental review process.

BACKGROUND/ANALYSIS

In October 2008, the Agency purchased the Washington Street Apartments (WSA), a 72-unit senior and adults with disabilities affordable housing complex on approximately 4.7 acres. The Agency also purchased approximately 6.8 acres of unimproved real property

adjacent to WSA for the development of future affordable rental housing. The properties were purchased with tax increment funds that have an obligation to improve and increase the supply of affordable housing within the City.

To effectuate the development of affordable housing, the Authority negotiated the proposed AHPDA with Developer to rehabilitate the existing WSA units and develop additional units on the WSA property and the adjacent unimproved real property. The project details and development terms and conditions are defined in the AHPDA.

The WSA units were built in 1980, and are in need of substantial rehabilitation. The WSA property will undergo the rehabilitation of the existing 72-units, demolition of the community building and attached managers unit, and construction of twenty-six (26) new one bedroom units, a new community building, and related amenities and site improvements. The unimproved real property will have the construction of forty-two (42) new one bedroom units, a new community building, and related amenities and site improvements.

The proposed project meets the goals and objectives of the Agency while increasing the supply of affordable housing and eliminating blight in the city.

- The proposed projects(s) should further the goals, policies and programs of the Authority's Housing Element and comply with the Housing Successor affordable housing requirements as defined in the California Health and Safety Code.
- Provide a mix of units affordable to lower-income households at various levels, such as extremely low, very low, and low-income households, especially intended to address workforce housing needs.
- Include units that could be reserved for and/or generally available to special needs households, which may include seniors and disabled adults households defined as having special housing needs.
- Include long-term enhancement of both the economic and physical development of the current area, as well as create a balanced, housing environment that would attract a more diverse and vibrant community.

The Agreement will be the subject of a joint public hearing of the Authority Board and City Council on June 6, 2017, at 5:00 PM or thereafter in the City Council Chambers of the City of La Quinta located at 78-495 Calle Tampico, La Quinta, California.

ALTERNATIVES

Staff does not recommend an alternative as approval is required for the application of tax credits by the Developer.

Prepared by: Gil Villalpando, Management Specialist

Attachments: 1. Summary Report
 2. Washington Street Apartments AHPDA

SUMMARY REPORT

Affordable Housing and Property Disposition Agreement

**Coachella Valley Housing Coalition
and the
La Quinta Housing Authority**

June 6, 2017

INTRODUCTION

This document is the Summary Report (“Report”) for the Affordable Housing and Disposition Agreement (“Agreement”) by and between Coachella Valley Housing Coalition (“Developer”) and the La Quinta Housing Authority (“Authority”). The Agreement facilitates the transfer of the existing Washington Street Apartments and an adjacent vacant land parcel (“Site”), and the renovation, development and operation thereon of a 138 unit senior and disabled adult complex (“Development”). The Site is located immediately adjacent to and east of Washington Street, and south of Hidden River Road. The dwellings will be affordable to extremely low-, very low-, low- and moderate-income senior and disabled adult households, with 2 remaining manager units affordable to moderate income households.

This Report has been prepared pursuant to California Government Code Section 52201 and presents the following:

- A summary of the proposed Development.
- The cost of the Agreement to the Authority.
- The estimated value of the interest to be conveyed, determined at the highest and best uses permitted.
- An explanation of why the sale of the property pursuant to the Agreement will assist in the elimination of blight.

THE DEVELOPMENT

City and Former Redevelopment Agency (Agency)

Both the City of La Quinta (“City”) and the Agency are mandated by the State of California to continually seek opportunities to increase and improve the supply of housing affordable to very low-, low- and moderate-income households. State Planning Laws mandate that the City pursue a housing mix that accommodates both local and regional housing demand for affordable dwellings. The CRL provides that the Agency insure that a minimum of 15% of all new and substantially rehabilitated dwellings within its redevelopment project areas

are affordable to very low-, low- and moderate-income households, and of these, 40% must be affordable to very low-income households. If these dwellings are owner occupied, they must be affordable for 45 years; if they are rental units, they must remain affordable for 55 years.

The Site

The Site is located in La Quinta Redevelopment Project Area No. 2 (“Project Area No. 2”), directly adjacent to and east of Washington Street and south of Hidden River Road. It consists of the existing Washington Street Apartments and a 6.8 acre vacant land parcel immediately adjacent to the south. The Apartment site is 4.79 acres and was constructed in 1980, consisting of nine, single story, steel and wood framed apartment buildings, and a single story community building with attached managers unit. The Agency purchased the properties in 2007 and 2008 respectively for the purposes of preserving and developing affordable housing. The existing apartment complex operates as a United States Department of Agriculture (USDA) Rural Development (RD) project, providing rental subsidy to 72 senior and disabled adult households.

The City of La Quinta General Plan designates the Site as Medium/High Density Residential. There is an underlying zoning designation identified as High Density Residential, permitting the proposed development.

Project Description

In 2008, as part of the conditions to approve the purchase of the Apartments by the Agency, USDA required that a future substantial rehabilitation and modernization of the project be constructed. The Agency underwrote site planning, engineering and design efforts to secure entitlements for the project. In 2011 the Project was suspended when the California Legislature dissolved all redevelopment agency’s in the State of California, including the Agency. Prior to the dissolution of the Agency, the City of La Quinta (“City”) established the Authority, which now has State approval to utilize 2014 and 2016 housing bonds. These funds when combined with 9% tax credit equity that the Developer proposes are sufficient to construct the project as designed and entitled.

The project, located on approximately 11.5 acres, will include the substantial rehabilitation of all existing units, construction of 68 new units, construction of 2 new community buildings, laundry facilities, a health center, and 2 swimming pools. The construction of the project is wood frame with color stucco walls and low sloping roofs constructed on concrete slab foundations. Formal outdoor recreation areas include roughly 2 acres of parkway/green belt for recreation and social gatherings, a dog park, two swimming pools and new sound wall along Washington Street. Project to be constructed per the plans and specifications developed by Studio E Architects Inc. and consistent with the project entitlements: SDP 2015-003 and SDP 2016-0002.

Affordable Housing Mix

The Developer will be using 9% tax credit financing to fund a portion of the design and construction costs. In order to qualify for this financing, 138 dwellings will be affordable to extremely low, very low- and low-income family households; the remaining 2 dwellings (the on-site manager units) will be affordable to moderate-income households.

The dwellings will remain affordable to said households for a minimum of 55 years. 24 units will be affordable to extremely low-income senior and disabled adult households, 110 units will be affordable to very low-income senior and disabled adult households, 4 units will be affordable to low-income senior and disabled adult households, and 2 managers units will be affordable to moderate-income family households.

In 2017 extremely low income is defined as households earning less than or equal to \$14,100 (one person) or \$16,100 (two person); very low-income is defined as households who earn \$23,450 (one person) to \$26,800 (two person); low-income is defined as households who earn \$37,550 (one person) to \$42,900 (two person); and moderate-income is defined as households who earn \$54,600 (one person) to \$78,000 (four person).

Income Category	Number of Persons			
	1	2	3	4
Extremely Low Income	14,100	16,100		
Very Low Income	23,450	26,800		
Low Income	37,550	42,900		
Moderate Income	54,600	62,400	70,200	78,000

THE COST OF THE AGREEMENT TO THE AUTHORITY

The cost of the Agreement to the Authority as outlined in the table below will be \$30,962,918 of which there is \$8,783,738 in property and acquisition cost, \$2,362,057 in planning, design, engineering, management, relocation and final disposition costs, \$10,400,000 in development costs, and \$9,417,123 of total interest cost associated with the 2014 and 2016 housing bonds.

Agency Costs	
Apartments and Existing Land	\$ 8,783,738
Planning, Design, Engineering, Management, Relocation, Final Disposition	\$ 2,362,057
2014 and 2016 Bond Proceeds	\$ 10,400,000
Total Interest 2014 and 2016 Bonds	\$ 9,417,123
TOTAL COST	\$ 30,962,918

The Authority transfer of the Site including reserve accounts and \$9,400,000 of 2016 Bond Proceeds will be secured by a deed of trust that will accrue interest at 0%, There will be a second deed of trust referred to as a “plan loan” that will consist of Authority work completed, relocation, and \$1,000,000 of remaining 2014 housing bond proceeds. This deed of trust in the amount of \$2,366,722 will accrue interest at applicable federal rate (AFR) (approximately 2.7%).

Authority Loan Detail	
Existing Apartments 73 units	\$ 3,325,252
Reserves from existing apartments	\$ 1,073,036
Adjacent vacant land parcel	\$ 1,260,000
2016 Housing Bonds	\$ 9,400,000
Total Loan	\$ 15,058,288
Authority work completed	\$ 1,366,722
2014 Housing Bonds	\$ 1,000,000
Total "Plan Loan"	\$ 2,366,722
Total of Authority Loans	\$ 17,425,010

The Housing Bond proceeds in the amount \$10,400,000 will be disbursed as work is completed consistent with the development budget as attached in the Agreement.

Per the Agreement, the Authority Loans will be repaid by the Developer through a sharing of residual receipt income, the Authority receiving 50% of the residual receipt payments (revenue that remains after operating costs and debt service payments on the USDA loan). Following industry standards for 9% tax credit transactions, the Authority has agreed to an allocation of the residual receipt income of 50% to the Authority and 50% to the Developer. The total residual receipt income is projected to be \$376,548 after year 5 of operation, \$649,613 after year 10 of operation, and \$767,503 after year 15 of operation; the Agency would receive 50% of this income.

Property Acquisition

The former Redevelopment Agency purchased the 6.8 acre vacant land parcel in 2007 for \$4,608,962 or \$15.56 per square foot of land area. In 2008 the Agency finalized the purchase of Washington Street Apartments for a total cost of \$6,507,529. After the Agency assumed the existing loans on the property the net cash investment was \$4,174,777. Project Area No. 2 Low- and Moderate-Income Housing Fund revenue was used to fund acquisition costs for both properties.

Planning, Design, Engineering and Relocation Costs

The Authority contracted for the planning, design, engineering, and relocation services required for the development of the project. These contracts with the exception of relocation will be assigned to the Developer when the Agreement is executed. Relocation services and associated costs of approximately \$375,000 will be charged back to the

project and paid for by the Developer. The total of these costs is \$1,366,722 and is a portion of the “plan loan” as identified below.

Development Costs

The Developer projects final design and construction costs, including land, of \$46,907,072 per unit. The sources of funds are as follows:

Sources	
USDA 515 loan	628,640
Net Value Vacant Land, and Apartments*	5,658,288
2014 Bond Proceeds (Plan Loan)	2,366,722
2016 Bond Proceeds	9,400,000
General Partner Equity	7,526
Tax Credit Equity (9 % credits)	28,908,896
TOTAL	46,970,072

* Includes reserve account balances
 highlighted items represent Authority investment

Note that minor variances in the amounts listed above will occur depending on actual reserve balances, loan balances, and yield on tax credit equity at the time of closing. The Authority’s investment of housing bond proceeds is not subject to change.

Source and Cost of Authority Funds

The Authority’s expenditure of 2014 and 2016 housing bond proceeds in the combined amount of \$12,762,057 carries interest expense over the term of the bonds of approximately \$9,417,123. As mentioned in the property acquisition section above the former Redevelopment Agency purchased the Site in 2007 and 2008 with \$8,783,738 of Project Area No. 2 Low- and Moderate-Income Housing Fund revenue.

ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED

Two appraisals from Froboese Realty Group, Inc. identified value opinions, as of May 5, 2017 and May 10, 2017, respectively. The un-restricted (market rents) value opinion of the existing apartments is \$5,500,000 and \$1,260,000 for the vacant land.

ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED, DETERMINED AT THE USE AND WITH THE CONDITIONS, COVENANTS AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENT

The Authority will have two separate loans with the Developer. A plan loan in the amount of \$2,366,722 with interest accruing at applicable federal rate (AFR) or roughly 2.7% and a loan representing the value of land and structures combined with 2016 bond proceeds for

construction costs in the amount of \$15,058,288 at 0%. Payments for both of these loans will be generated from 50% of the residual receipt income payable annually and be due in full at the end of the 55 year term.

EXPLANATION OF WHY THE SALE OF THE PROPERTY PUSUANT TO THE AGREEMENT WILL ASSIST IN THE ELIMINATION OF BLIGHT

The conveyance of the existing apartments and adjacent vacant land parcel and construction of the development will address the following blighting conditions within Project Area No. 2:

- Increase and improve the supply of affordable housing within the community through the renovation, construction and operation of 138 dwellings that will be affordable to extremely low, very low-, and low-income senior and disabled adult households, with 2 remaining manager units affordable to moderate income households.

The Development has been identified in the former RDA's Five Year Implementation Plan.

The Agreement will be the subject of a joint public hearing of the Authority Board and City Council on June 6, 2017, at 5:00 PM or thereafter in the City Council Chambers of the City of La Quinta located at 78-495 Calle Tampico, La Quinta, California.

AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT

By and Between

LA QUINTA HOUSING AUTHORITY

and

COACHELLA VALLEY HOUSING COALITION

Dated as of _____ 2017

AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT

THIS AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT (the “**Agreement**”) is made and entered into as of _____, 2017 (the “**Effective Date**”), by and between the **LA QUINTA HOUSING AUTHORITY**, a public body, corporate and politic (the “**Authority**”), and **COACHELLA VALLEY HOUSING COALITION**, a California nonprofit public benefit corporation (the “**Developer**”), with reference to the following:

RECITALS

A. Authority is the owner in fee of that certain real property (the “**WSA Real Property**”) located at 42-800 Washington Street, in the City of La Quinta, County of Riverside, State of California, more particularly described in Attachment No. 1A, which WSA Real Property is improved with an apartment complex commonly known as the Washington Street Apartments consisting of seventy-three (73) apartment units (the “**Existing WSA Units**”). The WSA Real Property comprises approximately four and seven tenths (4.7) acres.

B. Authority is also the owner in fee of that certain real property (the “**Unimproved Real Property**”) located adjacent to the WSA Real Property, in the City of La Quinta, County of Riverside, State of California, more particularly described in Attachment No.1B. The Unimproved Real Property is unimproved, and comprises approximately five and seven tenths (5.7) acres.

C. Developer is an experienced developer and operator of multifamily rental affordable Projects in California.

D. Authority was established to increase, improve, and preserve the City of La Quinta’s supply of low and moderate income housing. Pursuant to Health and Safety Code section 34176(b) and Resolution No. 12-11, adopted by the City Council of the City of La Quinta (“**City**”) on January 10, 2012, the Authority is the housing successor entity to the former La Quinta Redevelopment Agency (the “**Agency**”). Pursuant to said resolution, all housing assets and functions of the Agency were transferred to Authority on February 1, 2012.

E. Authority has processed through the City and obtained approval from the City of all land use entitlements, plans, and construction drawings necessary to provide for the following: (i) on the WSA Real Property, the rehabilitation of seventy-two (72) of the Existing WSA Units, demolition of one (1) of the Existing WSA Units, and construction of twenty-six (26) new apartment units, a new community building, and related amenities and site improvements; and (ii) on the Unimproved Real Property, the construction of forty-two (42) new apartment units, a new community building, and related amenities and site improvements.

F. The purpose of this Agreement is to set forth the terms and conditions pursuant to which (i) Authority will sell the “Property” (as defined below) to Developer,

(ii) Developer will perform the rehabilitation and construction activities described in Recital E above and thereafter operate all but two (2) of the new and rehabilitated apartment units (which two (2) units shall be managers' units) as a cohesive and comprehensive senior affordable rental housing development with long-term affordability restrictions; and (iii) Authority will provide one or more loans to Developer to assist Developer with the costs Developer incurs to acquire the Property and perform the foregoing rehabilitation and construction activities.

G. Authority's sale of the Property to Developer and provision of financial assistance to Developer, and Developer's rehabilitation, development, and operation on the Property of an affordable rental housing development pursuant to the terms of this Agreement, are in furtherance of Authority's goals to provide affordable housing and to preserve existing affordable housing units in the City of La Quinta, and in furtherance of Developer's purpose to develop, operate, and manage affordable housing for low income households.

NOW, THEREFORE, for and in consideration of the foregoing Recitals, which are incorporated herein by this reference, and the mutual promises, covenants, and conditions herein contained, Authority and Developer hereto agree as follows:

1. DEFINITIONS

As used in this Agreement, capitalized terms are defined where first used or as set forth in this Section 1. Capitalized terms used in an attachment attached hereto and not defined therein shall also have the meanings set forth in this Section 1.

"Affiliate" means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer which, if Developer is a partnership or limited liability company, shall include each of the constituent members or partners, respectively thereof. The term **"control"** as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

"Agency" has the meaning set forth in Recital D of this Agreement.

"Assignment of Contracts" means an assignment of contracts, permits, intangible property, warranties and guaranties substantially in the form attached hereto and incorporated herein as Attachment No. 9, to be executed by Authority for purposes of transferring and assigning to Developer certain contracts and other documents and rights held by Authority, including, without limitation, the WSA Contracts.

"Assignment of Leases" means an assignment substantially in the form attached hereto and incorporated herein as Attachment No.7, to be executed by

Authority for purposes of transferring and assigning to Developer the WSA Tenant Leases.

“Authority” means the La Quinta Housing Authority, a nonprofit public benefit corporation.

“Authority Deed of Trust (Plans)” means a deed of trust substantially in the form attached hereto and incorporated herein as Attachment No.15A, to be executed by Developer pursuant to Section 5.2(a) in order to secure repayment of the Authority Note (Plans).

“Authority Deed of Trust (Property and Construction)” means a deed of trust substantially in the form attached hereto and incorporated herein as Attachment No.15B, to be executed by Developer pursuant to Section 5.2(a) in order to secure repayment of the Authority Note (Property and Construction).

“Authority Loan (Plans)” has the meaning set forth in Section 5.2(a) of this Agreement.

“Authority Loan (Property and Construction)” has the meaning set forth in Section 5.2(a) of this Agreement.

“Authority Loans” means the Authority Loan (Plans) and the Authority Loan (Property and Construction).

“Authority Note (Plans)” means a promissory note substantially in the form attached hereto and incorporated herein as Attachment No.14A, to be executed by Developer in favor of Authority to evidence the obligation of Developer to repay the Authority Loan (Plans).

“Authority Note (Property and Construction)” means a promissory note substantially in the form attached hereto and incorporated herein as Attachment No.14B, to be executed by Developer in favor of Authority to evidence the obligation of Developer to repay the Authority Loan (Property and Construction).

“Authority Regulatory Agreement” means a regulatory agreement substantially in the form attached hereto and incorporated herein as Attachment No.17, which will establish certain restrictive covenants against the Property.

“Authority Title Policy” has the meaning set forth in Section 6.2(o) of this Agreement.

“Building Permit” means all permits issued by City and required for commencement of construction of the Project.

“City” means the City of La Quinta, California.

“Close of Escrow” and/or the **“Closing”** shall mean the consummation of the transactions contemplated by this Agreement to occur through the Escrow including the conveyance of fee title to the Property from Authority to Developer.

“Closing Date” shall mean the date that the Grant Deed is recorded in the Official Records of Riverside County, which shall occur, if at all, no later than the Outside Closing Date.

“Construction Contract” has the meaning set forth in Section 6.2(f) of this Agreement.

“Construction Lender” means the lender that provides construction financing for the Project. The Construction Lender may or may not also be the Take-Out Lender, if any. The Construction Lender shall be an Institutional Lender.

“Construction Loan” means the construction loan for the Project, in the anticipated amount of [Twenty-Six Million Five Hundred Forty Thousand Four Hundred Twenty-Nine Dollars (\$26,540,429)], which is secured by the Construction Loan Security Documents.

“Construction Loan Security Documents” means the documents and instruments required by the Construction Lender to secure the Construction Loan.

“County” means the County of Riverside, California.

“Conversion Date” has the meaning set forth in the Construction Loan Security Documents, or, if such term is not defined therein, means the date the Construction Loan converts from a construction loan to a permanent loan.

“Design and Engineering Agreements” means all agreements with design and engineering professionals for preparation of the plans, drawings and specifications upon which the Building Permit will be issued.

“Developer” means Coachella Valley Housing Coalition, a California nonprofit public benefit corporation.

“Developer Title Policy” has the meaning set forth in Section 6.3(j) of this Agreement.

“Disbursement Request” has the meaning set forth in Section 5.2(b) of this Agreement.

“Escrow” means the escrow to be opened with Escrow Holder for the conveyance of the Property by City to Developer.

“Escrow Holder” means Lawyers’ Title Insurance Company, with its offices located at 888 S. Figueroa Street, Suite 2100, Los Angeles, California 90017, or such other escrow company as may be agreed to by Developer and the Executive Director.

“Event of Default” has the meaning set forth in Section 12.1 of this Agreement.

“Executive Director” means the person duly appointed to the position of Executive Director of Authority, or his or her designee. The Executive Director shall represent Authority in all matters pertaining to this Agreement. Whenever a reference is made herein to an action or approval to be undertaken by Authority, the Executive Director is authorized to act unless this Agreement specifically provides otherwise or the context should otherwise require.

“Existing Indebtedness” means the outstanding indebtedness represented by (i) the USDA Note, and (ii) the Provident Note.

“Existing Loan Documents” means the USDA Note, the USDA 2nd Deed of Trust, the Provident Note, the Provident Deed of Trust, and all other documents creating, evidencing, securing or otherwise relating to the Existing Indebtedness and all amendments, modifications, renewals and extensions thereof.

“Existing WSA Tenants” means the residential tenants residing in the Existing WSA Units as of the Effective Date.

“Existing WSA Units” has the meaning set forth in Recital A of this Agreement.

“Final Construction Documents” means the plans, drawings and specifications prepared pursuant to the Design and Engineering Agreements, upon which the Building Permit will be issued.

“First Round” means the first round for allocations of 9% Tax Credits following the Effective Date.

“Frank R. Goodman” means Frank R. Goodman and Associates, a California limited partnership.

“General Contractor” has the meaning set forth in Section 6.2(e) of this Agreement.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Riverside, the City and of any other political subdivision, agency or instrumentality exercising jurisdiction over Authority, Developer, the Property, and/or the Project.

“Grant Deed” means a grant deed substantially in the form attached hereto and incorporated herein as Attachment No.5, pursuant to which Authority will transfer fee title to the Property to Developer.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance

which is (i) defined as a “**hazardous waste**”, “**acutely hazardous waste**”, “**extremely hazardous waste**”, or “**restricted hazardous waste**” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “**hazardous substance**” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “**hazardous material**”, “**hazardous substance**”, or “**hazardous waste**” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “**hazardous substance**” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as “**hazardous**” or “**extremely hazardous**” pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20, (ix) designated as “**hazardous substances**” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a “**hazardous waste**” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (xi) defined as “**hazardous substances**” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., (xii) methyl-tertiary butyl ether, (xiii) perchlorate or (xiv) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “**hazardous**” or harmful to the environment. For purposes hereof, “**Hazardous Materials**” excludes materials and substances in quantities as are commonly used in the construction and operation of an apartment complex, provided that such materials and substances are used in accordance with all applicable laws.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Indemnitees**” means Authority, City, and their respective directors, officers, officials, members, employees, representatives, agents and volunteers.

“**Institutional Lender**” means any of the following institutions having assets or deposits in the aggregate of not less than One Hundred Million Dollars (\$100,000,000): a California chartered bank; a bank created and operated under and pursuant to the laws of the United States of America; an “**incorporated admitted insurer**” (as that term is used in Section 1100.1 of the California Insurance Code); a “**foreign (other state) bank**” (as that term is defined in Section 1700(1) of the California Financial Code); a federal savings and loan association (Cal. Fin. Code Section 8600); a commercial finance lender (within the meaning of Sections 2600 et seq. of the California Financial Code); a “**foreign (other nation) bank**” provided it is licensed to maintain an office in California, is licensed or otherwise authorized by another state to maintain an agency or branch office in that state, or maintains a federal agency or federal branch in any state (Section 1716 of the California Financial Code); a bank holding company or a subsidiary of a bank holding company which is not a bank (Section 3707 of the California Financial

Code); a trust company, savings and loan association, insurance company, investment banker; college or university; pension or retirement fund or system, either governmental or private, or any pension or retirement fund or system of which any of the foregoing shall be trustee, provided the same be organized under the laws of the United States or of any state thereof; and a Real Estate Investment Trust, as defined in Section 856 of the Internal Revenue Code of 1986, as amended, provided such trust is listed on either the American Stock Exchange or the New York Stock Exchange. _____ is hereby deemed to be an Institutional Lender.

“Investor” means the investor limited partner of the Partnership.

“Lead-Based Paint Disclosure and Acknowledgment” means a disclosure and acknowledgment substantially in the form attached hereto and incorporated herein as Attachment No. 12.

“Non-Foreign Affidavit” means an affidavit substantially in the form attached hereto and incorporated herein as Attachment No.8.

“Notice of Affordability” means a Notice of Affordability Restrictions on Transfer of Property substantially in the form attached hereto and incorporated herein as Attachment No. 18, to be executed by Authority and Developer and recorded in the Official Records to notify members of the public regarding the affordability restrictions for the Property.

“Notices” has the meaning set forth in Section 13 of this Agreement.

“Notice to Tenants” means a notice substantially in the form attached hereto and incorporated herein as Attachment No.11, advising the Existing WSA Tenants of the transfer of title and assumption by Developer of the landlord’s obligations under the WSA Tenant Leases.

“Official Records” means the Official Records of the County.

“Outside Closing Date” means (i) the date that is six (6) months after the date TCAC awards allocations of Tax Credits for the First Round if Developer obtains an allocation of Tax Credits in the First Round, (ii) the date that is six (6) months after the date TCAC awards allocations of Tax Credits for the Second Round if, despite Developer’s timely submittal of a complete application in the First Round, Developer does not obtain an allocation of Tax Credits in the First Round and submits an application for the Second Round, or (iii) the date that is six (6) months after the date TCAC awards allocations of Tax Credits for the Third Round if, despite Developer’s timely submittal of a complete application in the Second Round, Developer does not obtain an allocation of Tax Credits in the Second Round and submits an application for the Third Round.

“Partnership” has the meaning set forth in Section 14.1 of this Agreement.

“Partnership Agreement” means the agreement that sets forth the terms of the Partnership.

“Permitted Encumbrances” means the Construction Loan Security Documents and such other exceptions to title approved by the Executive Director.

“Phase 1” means that certain Report of Phase I Environmental Site Assessment prepared for the Agency on the WSA Property by Earth Systems Southwest dated October 6, 2006.

“Project” means, (i) with respect to the WSA Real Property, Developer’s (a) rehabilitation of seventy-two (72) of the apartment units thereon, (b) demolition of one (1) of the apartment units thereon, and construction thereon of twenty-six (26) new apartment units, a new community building, and related amenities and site improvements, and (c) relocation of the Existing WSA Tenants; (ii) with respect to the Unimproved Real Property, Developer’s construction thereon of forty-two (42) new apartment units, a new community building, and related amenities and site improvements; and (iii) with respect to the Property, Developer’s construction of all required on-site improvements necessary to serve the apartment units in accordance with this Agreement, including, without limitation, in accordance with the Scope of Development and the Final Construction Documents.

“Project Budget” mean that certain budget attached hereto and incorporated herein as Attachment No.16.

“Project Costs” means all costs of any nature incurred in connection with the construction of the Project.

“Project Documents” means, collectively, this Agreement, the Authority Note (Plans), the Authority Note (Property and Construction), the Authority Deed of Trust (Plans), the Authority Deed of Trust (Property and Construction), the Authority Regulatory Agreement, the Notice of Affordability, and any other agreement, document or instrument that Developer and Authority enter into pursuant to this Agreement or in order to effectuate the purposes of this Agreement.

“Project Financing” has the meaning set forth in Section 5.1 of this Agreement.

“Property” means the WSA Property and Unimproved Property.

“Provident 1st Deed of Trust” means that certain Deed of Trust dated July 19, 2001, executed by Frank R. Goodman, as Trustor, in favor of Provident Savings Bank, as beneficiary, recorded August 3, 2001, as Instrument No. 3387200, in the Official Records. The Provident 1st Deed of Trust was assumed by the Agency pursuant to that certain Loan Assumption Agreement dated October 28, 2008, and recorded in the Official Records on October 31, 2008, as Instrument No. 2008-0582812. The USDA has subordinated the USDA 2nd Deed of Trust to the Provident 1st Deed of Trust.

“Provident Note” means that certain Promissory Note Secured by Deed of Trust dated July 19, 2001, executed by Frank R. Goodman, as maker, in favor of Provident Savings Bank, a mutual savings bank chartered under the laws of the United States of America, as holder, in the original principal amount of ONE MILLION SIX HUNDRED NINETY-SIX THOUSAND DOLLARS (\$1,696,000). The Provident Note is secured by the Provident 1st Deed of Trust. The Provident Note was assumed by the Agency pursuant to that certain Loan Assumption Agreement dated October 28, 2008, and recorded in the Official Records on October 31, 2008, as Instrument No. 2008-0582812. The amount currently outstanding under the Provident Note is approximately ONE MILLION TWO HUNDRED EIGHTY-FOUR THOUSAND FIFTY-THREE DOLLARS (\$1,284,053).

“Release of Construction Covenants” means a release document substantially in the form attached hereto and incorporated herein as Attachment No. 19, to be executed by Authority and recorded in the Official Records upon Developer’s completion of the Project, as described in Section 9.15.

“Relocation Laws and Regulations” the California Relocation Assistance Act of 1970 (California Government Code § 7260 et seq.) and its implementing regulations (25 Cal. Code Regs. § 6000, et seq.), and the United States Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601, et seq.), and its implementing regulations promulgated by the United States Department of Transportation (49 C.F.R. § 24.1, et seq.).

“Relocation Plan” means that certain Washington Street Apartments Relocation Plan prepared by Authority, approved by Authority on about the Effective Date.

“Request for Notice” has the meaning set forth in Section 6.2(l) of this Agreement

“Schedule of Performance” means the Schedule of Performance attached hereto and incorporated herein as Attachment No. 3.

“Scope of Development” means the Scope of Development attached hereto and incorporated herein as Attachment No. 4.

“Second Round” means the second round for allocations of 9% Tax Credits following the Effective Date.

“Sources and Uses of Funds Statement” means the Sources and Uses of Funds statement attached to the Project Budget.

“Site Plan” means the site plan attached hereto and incorporated herein as Attachment No.2.

“Take-Out Lender” means the lending institution that makes the Take-Out Loan, if any. The Take-Out Lender may or may not also be the Construction Lender. The Take-Out Lender shall be an Institutional Lender.

“Take-Out Loan” means the long-term loan, if any, made by the Take-Out Lender to Developer in order to take out the Construction Loan.

“Tax Credits” has the meaning set forth in Section 5.1(b) of this Agreement.

“Tax Credit Funds” has the meaning set forth in Section 6.2(c) of this Agreement.

“Tax Credit Program” means the low-income housing tax credit program authorized pursuant to Internal Revenue Code Section 42, California Health and Safety Code Sections 50199.6-50199.19, Revenue and Taxation Code Sections 17057.5, 17058, 23610.4, 23610.5, and applicable federal and State regulations such as 4 California Code of Regulations Sections 10300-10340.

“TCAC” means the California Tax Credit Allocation Committee.

“Third Round” means the third round for allocations of 9% Tax Credits following the Effective Date.

“Title Company” means Lawyers’ Title Insurance Company, with its offices located at 888 S. Figueroa Street, Suite 2100, Los Angeles, California 90017, or such other title insurance company as may be agreed to by Developer and the Executive Director.

“Unimproved Property” means Authority’s fee estate in and to the Unimproved Real Property, including all right, title and interest of Authority in and to any land lying in the bed of any existing or proposed highway, street, road, avenue or alley abutting or adjoining the Unimproved Real Property and all right, title and interests of Authority in and to any strips or gores of land adjoining the Unimproved Real Property, including the right to any unpaid award for damage by reason of any condemnation proceedings or change of grade of any highway, street, road or avenue, and all tenements, hereditaments and appurtenances thereto.

“USDA” means the United States of America, acting through the Farmer’s Home Administration, United States Department of Agriculture.

“USDA 2nd Deed of Trust” means that certain Real Estate Deed of Trust for California with Assignment of Rents, dated November 18, 1980, executed by Frank R. Goodman, as trustor, in favor of USDA, as beneficiary, recorded November 21, 1980, as Instrument No. 218151, in the Official Records. The USDA 2nd Deed of Trust was assumed by the Agency pursuant to that certain Multifamily Housing Assumption Agreement dated October 14, 2008.

“USDA Note” means that certain Promissory Note dated December 18, 1980, executed by Frank R. Goodman, as maker, in favor of the USDA, as holder, in the original principal amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000). The USDA Note is secured by the USDA 2nd Deed of Trust. The USDA Note was assumed by the Agency pursuant to that certain Multifamily Housing

Assumption Agreement dated October 14, 2008 and recorded in the Official Records on _____, as Instrument No. _____. The amount currently outstanding under the USDA Note is approximately SIX HUNDRED FORTY THOUSAND DOLLARS (\$640,000).

“WSA Bill of Sale” means a bill of sale substantially in the form attached hereto and incorporated herein as Attachment No. 6, pursuant to which Authority will convey the WSA Personal Property to Developer.

“WSA Contracts” means (i) all labor, service, supply, property management, insurance, brokerage leasing and maintenance contracts relating to the WSA Improvements or the WSA Real Property, and (ii) the Design and Engineering Agreements, all of which are to be assumed by Developer pursuant to Section 4.2(a) below. The WSA Contracts are listed in Attachment No.9

“WSA Improvements” means any improvements and appurtenances located on the WSA Real Property that are owned by Authority, including, as applicable, the buildings, parking areas, improvements and fixtures, roads, streets, parking areas, curbs, sidewalks, landscaping, recreation facilities, sewers and other utilities now or hereafter located on the Property.

“WSA Intangible Personal Property” means all signs, logos, trade names, trademarks or styles relating to the WSA Real Property owned by Authority (specifically including the name **“Washington Street Apartments”**) and all other intangible property owned or hereafter to be acquired by Authority in connection with the WSA Real Property, WSA Improvements and WSA Personal Property including, but not limited to, licenses, use, occupancy and operating permits, brochures, manuals, lists of prospective tenants, advertising materials and assignable telephone numbers), warranties and guaranties in effect, all plans, specifications, including, without limitation, all working drawings and **“as-built”** drawings, approvals, reports and studies.

“WSA Personal Property” means all furniture, personal property, machinery, apparatus and equipment owned by Authority and currently used in the operation, repair and maintenance of the WSA Improvements. The WSA Personal Property to be conveyed are listed in the inventory attached as Attachment No. 9.

“WSA Property” means (i) Authority’s fee estate in and to the WSA Real Property together with the WSA Improvements, including all right, title and interest of Authority in and to any land lying in the bed of any existing or proposed highway, street, road, avenue or alley abutting or adjoining the WSA Real Property, all right, title and interests of Authority in and to any strips or gores of land adjoining the WSA Real Property, including the right to any unpaid award for damage by reason of any condemnation proceedings or change of grade of any highway, street, road or avenue, and all tenements, hereditaments and appurtenances thereto, (ii) the WSA Improvements, (iii) the WSA Personal Property, (iv) the WSA Intangible Personal Property, (v) the WSA Contracts, and (vi) the WSA Tenant Leases.

“WSA Rent Roll” means a rent roll of the WSA Property, identifying and listing in detail by tenant or vacant area, as applicable, (i) tenant name, square footage, monthly rent, deposits, all concessions (financial and other), lease term, defaults (financial or otherwise), and lease obligations of Authority, if any; and (ii) to the extent Authority is not legally prohibited from providing, all legal matters relating to the WSA Tenant Leases. The WSA Rent Roll shall be in one or more reports in the form customarily used by Authority; provided such reports contain all of the information described above. During the pendency of Escrow, Authority shall provide Developer an updated Rent Roll on or before the fifteenth (15th) day of each month.

“WSA Tenant Leases” means all leases of the WSA Real Property or the WSA Improvements disclosed in the WSA Rent Roll, and all lease deposits, prepaid rentals and whatever rights of any kind or nature related thereto.

2. PARTIES

2.1 Authority. Authority is a public body, corporate and politic. Authority’s principal office and mailing address is 78-495 Calle Tampico, La Quinta, CA 92253. Authority was activated to help the City ensure that its residents are able to secure decent and affordable housing.

2.2 Developer. Developer is Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, and any successor to its rights, powers, and responsibilities, and any assignee of Developer’s rights and obligations hereunder, permitted in accordance with this Agreement. Developer’s principal offices are located at 45701 Monroe Street, Suite G, Indio, California, 92201.

3. SCHEDULE OF PERFORMANCE

The Schedule of Performance sets forth the times by which the parties are required to perform certain obligations set forth in this Agreement.

4. DUE DILIGENCE PERIOD; INSPECTIONS AND REVIEW PERMISSION TO ENTER PROPERTY; AS-IS; PHYSICAL AND ENVIRONMENTAL CONDITION

4.1 Due Diligence Items Already Provided. Prior to the execution of this Agreement, Authority has provided to Developer copies or originals of the following documents and items:

(a) Copies of the operating, income, expense and capital expenditure records for the Property for calendar years 2015-2016, and the latest available for calendar year 2017, including statements of current working capital accounts and capital reserve (i.e., capital replacement reserve accounts).

(b) A schedule of rental rates and occupancy percentages by year covering the calendar years 2015 to date.

(c) A copy of real property tax and assessment bills for the Property for the 2015-2016 and 2016-2017 fiscal years.

(d) Copies of the Existing Loan Documents.

(e) A copy of the Phase 1.

4.2 Due Diligence Items to be Provided. Within five (5) business days after the execution of this Agreement, Authority shall deliver copies or originals of the following documents and items (collectively with the documents and items provided pursuant to Section 4.1, the “**Due Diligence Items**”) to Developer:

(a) All WSA Contracts, and any and all amendments thereto, provided that such WSA Contracts shall affect the Property following the Close of Escrow, and all WSA Tenant Leases, and any and all amendments thereto, provided that such WSA Tenant Leases shall affect the Property following the Close of Escrow. Developer shall, not later than the later of (i) ninety (90) days after full and complete delivery of all of the WSA Contracts and WSA Tenant Leases to Developer, or (ii) thirty (30) days prior to the Close of Escrow, advise Authority in writing of the WSA Contracts and WSA Tenant Leases which Developer elects to assume.

(b) All certificates of occupancy, licenses, and permits pertaining to the Property in the possession of Authority or Authority’s agents or representatives.

(c) Authority’s standard form of lease (“**Form Lease**”) used for the Property.

(d) A current Rent Roll.

(e) Copies of all asbestos, lead-based paint, soils, seismic, geologic, drainage, toxic waste, engineering, environmental and similar type reports and surveys (including, but not limited to, the Phase I, ALTA surveys, building grading plans, drawings (including “as-built” plans and specifications), schematics, blueprints and working drawings for the Property or any major capital improvements thereto, zoning ordinances, conditional use permits and correspondence relating thereto, business licenses, and CC&Rs within Authority’s possession.

(f) Notices of violations, including, but not limited to, zoning ordinances, building codes, fire codes, CC&Rs or other agreements affecting the Property to the extent in the possession and control of Authority.

(g) Disclosure of any legal matters affecting the Property or the collection of rents or deposits to the extent in the possession and control of Authority.

(h) An aging of accounts receivable and current staffing schedules.

- (i) A Lead-Based Paint Disclosure and Acknowledgement.
- (j) Copies of all current insurance policies and premiums, and the same covering for the preceding two (2) calendar years.
- (k) To the extent Authority can reasonably obtain Estoppel certificates from each Tenant certifying to the monthly amount of rent paid by such Tenant to Authority the “**Estoppel Certificates**”), to be provided to Developer within thirty (30) days after the execution of this Agreement.
- (l) The Relocation Plan.
- (m) Existing balances (including principal, accrued, outstanding interest, and any other amounts outstanding) on the USDA Note and Provident Note.

4.3 Environmental/Physical Property Condition Due Diligence. For a period of ninety (90) days, which may be extended by Developer for an additional period of thirty (30) days if Developer determines that a “Phase II” environmental assessment is necessary, after the opening of the Escrow (the “**Environmental/Physical Property Condition Due Diligence Period**”), Developer shall have the right to examine, inspect and investigate the Property and, at Developer’s sole and absolute discretion, to determine whether the physical and environmental condition of the Property is acceptable to Developer. Authority shall permit Developer, its engineers, analysts, contractors, lenders and agents to enter upon the Property in order to conduct physical inspections of the Property, including the structural, electrical and mechanical aspects of the WSA Improvements, the interiors of all buildings, supports, site work, foundations, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, hazardous materials or wastes, if any, and any other investigations as Developer deems prudent with respect to the physical condition of the Property. Such investigations may be made by Developer and/or its agents during any normal business hours. Developer shall also have the right to investigate all matters relating to the zoning, use and compliance with other applicable laws which relate to the use and occupancy of the Property. Authority shall reasonably cooperate to assist Developer in completing such inspections and special investigations. Such physical inspections and investigations of the Property shall be conducted only upon no less than twenty-four (24) hours’ notice to Authority and shall be conducted at such times and in such a manner as to minimize any disruption to any of the WSA Tenants upon the Property. As a condition to Developer’s entry onto the Property, Developer shall provide to Authority a copy of all reports, studies and test results prepared by Developer’s consultants, without representation or warranty. As an additional condition of such entry, Developer shall (i) conduct all work or studies in a diligent, expeditious, and safe manner and not allow any dangerous or hazardous conditions to occur on the Property during or after the investigation; (ii) obtain any required governmental permits and comply with all applicable laws and governmental regulations; (iii) keep the Property free and clear of all materialmen’s liens, lis pendens and other liens arising out of the entry and work performed under this paragraph; (iv) maintain or assure

maintenance of workers' compensation insurance (or state approved self-insurance) for all persons entering the Property in the amounts required by the State of California; and (v) provide to Authority prior to initial entry a certificate of insurance evidencing that Developer and/or the persons entering the Property have procured and have in effect commercial general liability insurance that satisfies the requirements set forth in Section 9.6 hereof. Authority shall have the right, but not the obligation, to accompany Developer during such investigations and/or inspections but shall not interfere therewith. Developer shall repair any and all damage to the Property or to any WSA Tenants' property caused by such inspections or investigations in a timely manner and shall indemnify and defend the Authority from and against any liability arising from Developer's physical inspection hereunder. Developer shall notify Authority and Escrow Holder in writing ("**Developer's Environmental/Physical Property Condition Due Diligence Notice**") on or before the expiration of the Environmental/Physical Property Condition Due Diligence Period of Developer's approval or disapproval of the Due Diligence Items provided pursuant to Section 4.1 or 4.2 above, the condition of the Property, and Developer's investigations with respect thereto. Developer's failure to deliver Developer's Environmental/Physical Property Condition Due Diligence Notice on or before the expiration of the Environmental/Physical Property Condition Due Diligence Period shall be conclusively deemed Developer's approval thereof.

4.4 Financial/Operational Condition Due Diligence Period; New Indebtedness; Developer's Equity. For a period of ninety (90) days after the opening of the Escrow ("**Developer's Financial/Operational Condition Due Diligence Period**"), Developer shall have the right to determine, in its sole and absolute discretion and at no cost to Authority, the financial and operational feasibility of developing and operating the Project. Such Due Diligence Items shall include but not be limited to (a) Developer's review of the WSA Rent Roll, WSA Tenant Leases, WSA Contracts, the copies of the financial, operational, contractual, and legal records and disclosures provided by Authority pursuant to Section 4.1 or to be provided by Authority pursuant to Section 4.2; and (b) review of arrangements with the County of Riverside Housing Authority including Section 8 support. Developer shall notify Authority and Escrow Holder in writing of Developer's approval or disapproval of such Due Diligence Items ("**Developer's Financial/Operational Condition Due Diligence Notice**"). Developer's failure to deliver Developer's Financial/Operational Condition Due Diligence Notice on or before the expiration of Developer's Financial/Operational Condition Due Diligence Period shall be conclusively deemed to be Developer's approval thereof.

4.5 Preliminary Title Report. Within five (5) days following the opening of the Escrow, or as soon thereafter as feasible, Escrow Holder shall deliver to Developer a preliminary title report or title commitment for an ALTA extended coverage policy of title insurance issued by Title Company dated not earlier than the date of opening of the Escrow, describing the state of title of the Property, together with copies of all exceptions specified therein and with all easements plotted in color (collectively, the "**Preliminary Title Report**"). Within the later of (a) thirty (30) days after Developer's receipt of the "Survey" (as defined in Section 4.6 below), and (b) sixty (60) days after Developer's receipt of the Preliminary Title Report (the "**Title Due Diligence Period**"), Developer shall notify Authority in writing ("**Developer's Title Objection Notice**") of any

objections Developer may have to title exceptions contained in the Preliminary Title Report. Authority shall have a period of ten (10) days after receipt of Developer's Title Objection Notice in which to deliver written notice to Developer ("**Authority's Title Notice**") of Authority's election to either (i) agree to remove the objectionable items prior to the Close of Escrow, or (ii) decline to remove any such title exceptions and terminate the Escrow and this Agreement; provided, however, that with the exception of the Existing Indebtedness, Authority shall be required to remove all monetary liens and encumbrances created by or as a result of Authority's activities, suffered by Authority or assumed by Authority. Other than the Existing Indebtedness, Authority shall be responsible for all yield maintenance, prepayment penalties and/or any other similar fees and charges required by any lender of a Project-related loan that has been approved by Authority to remove existing financing encumbrances and Authority shall have no right to decline to remove same pursuant to the foregoing. If Authority notifies Developer of its election to terminate Escrow rather than remove the objectionable items (other than the Existing Indebtedness, which shall not constitute an objectionable item), Developer shall have the right, by written notice delivered to Authority within five (5) days after Developer's receipt of Authority's Title Notice, to agree to accept the Property subject to the objectionable items, in which event Authority's election to terminate the Escrow shall be of no effect, and Developer shall take title at the Close of Escrow subject to such objectionable items. Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions (including, but not limited to, adding additional exceptions for matters shown on the Survey, the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for Developer to review such amendment or supplement shall be the later of the expiration of the Title Due Diligence Period or ten (10) days from receipt of the amendment or supplement) and Escrow shall be deemed extended by the amount of time necessary to allow such review and approval in the time and manner set forth above; provided, however, that in no event shall the Close of Escrow be extended as a result of such delay for more than thirty (30) days.

4.6 Survey. Developer shall obtain a survey of the Property, at Developer's cost, prepared by a land surveyor duly licensed by the State of California and in compliance with ALTA/ACSM standards ("**Survey**") or an update to an existing Survey prepared for or on behalf of Authority, in a form acceptable to the Title Company for the deletion of the standard survey exception in the Title Policy relating to boundaries, without the addition of further exceptions unless the same are acceptable to Developer in its sole and absolute discretion. Provided Developer obtains the Survey within forty-five (45) days after the Effective Date, Developer shall have until the end of the Title Due Diligence Period to examine the Survey and to notify Authority in writing of any objections Developer has to the Survey ("**Developer's Survey Objection Notice**"). Authority shall have a period of ten (10) days after receipt of Developer's Survey Objection Notice in which to deliver written notice to Developer ("**Authority's Survey Notice**") of Authority's election to either (1) agree to remove the objectionable items prior to the Close of Escrow or (2) decline to remove such items and terminate the Escrow and this Agreement. If Authority notifies Developer of its intention to not remove the objectionable items and terminate the Escrow and this Agreement, Developer shall have the right, by written notice delivered to Authority within five (5) days after

Developer's receipt of Authority's Survey Notice, to agree to accept the Property subject to the objectionable items, in which event, Authority's election to terminate the Escrow shall be of no effect, and Developer shall accept the Property on the Close of Escrow subject to such objectionable items. Prior to the Closing, the Survey shall be recertified to Developer, Investor, Title Company, and Developer's lender(s) of the New Indebtedness (if any).

4.7 USDA Matters. For a period of ninety (90) days after the date Developer obtains from Authority copies of the Existing Loan Documents ("**USDA Condition Due Diligence Period**"), Developer shall have the right, at no cost to Authority, to retain a certified inspector (the "**Compliance Inspector**") for purposes of performing a capital needs assessment of the property to determine if the property is in compliance with all of USDA's requirements pertaining to the Authority's operation of the Property, as required under the Existing Loan Documents (collectively, the "**USDA Requirements**"). In the event the Compliance Inspector determines that the Property is not currently compliant with all of the USDA Requirements, Developer shall notify Authority in writing of the nature and extent of the corrective work required ("**USDA Compliance Notice**"). Authority shall have ten (10) days after receipt of Developer's USDA Compliance Notice in which to deliver written notice to Developer ("**Authority's USDA Response Notice**") of Authority's election to either (i) agree to make necessary corrections and modifications as determined necessary by the Compliance Inspector, at Authority's expense, or (ii) terminate this Agreement and the Escrow by giving written notice thereof to Escrow Holder and Developer. If Authority notifies Developer of its election to terminate this Agreement and the Escrow rather than make the necessary corrections, Developer shall have the right by written notice delivered to Authority within three (3) days after Developer's receipt of Authority's USDA Notice Response to terminate this Agreement and the Escrow, to agree to accept the Property subject to the non-compliant items, in which event Authority's election to terminate this Agreement and the Escrow shall be of no effect. The failure of Developer to deliver the USDA Compliance Notice to Authority in a timely manner shall be conclusively deemed to be Developer's approval of the Property's compliance with the USDA Requirements.

During the USDA Condition Due Diligence Period, Developer shall also have the right, at no cost to Authority, to review, and to negotiate an assignment and assumption of, the Existing Indebtedness and the USDA Requirements with the USDA and/or with Provident, and other terms and conditions, all as acceptable to Developer in Developer's sole and absolute discretion (collectively, the "**Assumption Agreements**"). Such other terms and conditions may include modification of the existing affordability restrictions, additional financing from USDA, modification of the terms of the Existing Indebtedness and USDA Restrictions, and subordination of the Existing Indebtedness to the New Indebtedness (if any). In the event Developer is unable to negotiate the Assumption Agreements on terms acceptable to Developer in Developer's sole and absolute discretion, Developer shall deliver written notice to Authority terminating this Agreement. If Developer negotiates the Assumption Agreements, on terms satisfactory to Developer, in Developer's sole and absolute discretion, the USDA Condition Due Diligence Period shall be extended for an additional thirty (30) days to allow Developer's

governing board, Provident, and the USDA to effect approval of the Assumption Agreements prior to the Closing Date.

The foregoing notwithstanding, Developer's contacts with USDA and Provident shall constitute negotiations only and any modifications or proposed modifications shall be in no way binding upon Authority unless and until Close of Escrow occurs in the manner provided herein, and be at no cost or liability to Authority (and Developer shall defend, indemnify and hold Authority free and harmless with respect to same).

4.8 Books and Records. For a period of ninety (90) days after opening of Escrow, Developer shall be afforded full opportunity by Authority to examine all books and records which relate to the Property for calendar years 2011 to-date in the possession of Authority and/or Authority's agents or employees, including the reasonable right to make copies of such books and records, and Authority shall make all such books and records available to Developer. Such right shall extend to all operating books of account, copies of all WSA Tenant Leases and all amendments thereto, rental applications and any other agreements, correspondence or other documents relating to the WSA Tenant Leases, tenant files, rent rolls, operating statements, budgets, accounting support for bills, inventories of WSA Personal Property, service contracts, management contracts, maintenance contracts, warranties, general ledgers, journals, vendor files, bank statements, invoices, operating manuals, maintenance records (including replacements of carpeting and appliances), utility bills, marketing data (including brochures), historical occupancy reports, traffic reports of tenant activities, rental histories, leasing floor plans and any summaries of such items. The foregoing notwithstanding, Authority shall have no obligation to provide information relating to tenants which Authority is legally prohibited from providing.

4.9 "AS-IS". Developer acknowledges and agrees that it is acquiring the Property from Authority solely in reliance on its own investigation, and that no representations and/or warranties of any kind whatsoever, express or implied, have been made by Authority, or the City or by any of their respective directors, officers, officials, employees, representatives or agents. Developer further acknowledges and agrees that Developer will be acquiring the Property in "AS IS" condition with all faults and conditions then existing in and on the Property, whether known or unknown. Notwithstanding the foregoing, Authority acknowledges and agrees that neither this Section 4.9, nor any other term, provision or condition of this Agreement obligates Developer to remediate, or to incur any cost to remediate, any Hazardous Materials that were released or existed on the Property prior to the Close of Escrow. Developer acknowledges and agrees that, as between it and Authority, nothing in this Agreement or in the Regulatory Agreement shall ever be deemed, construed, or interpreted to obligate Authority to remediate, or to incur any expense to remediate, any Hazardous Materials discovered on the Property either before or after the Close of Escrow unless and until Authority expressly agrees to do so in writing.

5. FINANCING PLAN FOR THE PROJECT

5.1 Financing Plan. It is contemplated that Developer will finance the Project (the “**Project Financing**”) through a combination of:

(a) Construction Loan; Take-Out Loan. The Construction Loan and Take-Out Loan (if any);

(b) Tax Credits. Developer equity, consisting of equity raised by the syndication to reputable investors of nine percent (9%) federal low-income housing credits obtained pursuant to 26 U.S.C. §42 (the “**Tax Credits**”);

(c) Authority Loans. The Authority Loans, as more particularly provided in Section 5.2 below;

Notwithstanding the foregoing, Developer shall continue to pursue additional sources of funds that may be available to assist with the costs of developing the Project.

5.2 Authority Loans.

(a) Amount of Authority Loans. Subject to the terms and conditions of this Agreement, Authority agrees to make the following loans to Developer: (i) a loan in the principal amount of Two Million Three Hundred Sixty-Six Thousand Seven Hundred Twenty-Two Dollars (\$2,366,722) (the “**Authority Loan (Plans)**”) to fund the costs Authority incurred in preparing engineering and architectural plans and drawings for the Project; (ii) a loan in the principal amount of Fifteen Million Fifty-Eight Thousand Two Hundred Eighty-Eight Dollars (\$15,058,288) (the “**Authority Loan (Property and Construction)**”) to fund Developer’s acquisition of the Property from Authority, in the amount of Four Million Five Hundred Eighty-Five Thousand Four Hundred Ninety-Two Dollars (4,585,492), a portion of the construction costs of the Project, in the amount of Nine Million Four Hundred Thousand Dollars (\$9,400,000) (“**Construction portion of Authority Loan (Property and Construction)**”), and the reserve account being transferred to Developer at the Close of Escrow, in the approximate amount of One Million Seventy-Three Thousand Thirty-Six Dollars (\$1,073,036). The Authority Loan (Plans) shall be evidenced by the Authority Note (Plans), and shall be secured by the Authority Deed of Trust (Plans), and the Authority Loan (Property and Construction) shall be evidenced by the Authority Note (Property and Construction), and shall be secured by the Authority Deed of Trust (Property and Construction).

(b) Disbursement Requests. Commencing as of the Close of Escrow, portions of the Construction Portion of Authority Loan (Property and Construction) shall be disbursed on a line-item by line-item basis in accordance with the Project Budget. In no event shall Authority have any obligation to disburse any amount for any item in excess of the amount allocated to such item in the Project Budget, unless approved, in writing, by the Executive Director;

provided, however, that upon completion and payment of all work for a particular line item, Developer may move any amounts remaining in such line to any other line item where payment for work has not been completed, and no Authority consent shall be required therefor. Disbursement shall be made only upon Developer's written request in the form attached hereto as Attachment No.13 (a "**Disbursement Request**") showing all costs that Developer intends to fund with such disbursement, itemized in such detail as the Executive Director may reasonably require, accompanied in each case by (a) invoices and lien releases (if such work could give rise to mechanic's or materialmen's liens) reasonably satisfactory to the Executive Director, including in any event conditional lien releases executed by each contractor and subcontractor who has received any payment for work performed, and (b) all other documents and information reasonably required by the Executive Director. Authority agrees to fund each Disbursement Request within twenty-one (21) days after Authority's receipt of the Disbursement Request in completed form with all required supporting documentation, and reasonable determination by Authority that all of the conditions to disbursement set forth in this Section 5.2(b) have been satisfied, or waived by Authority.

(c) Manner of Disbursement. Authority may make any disbursement (i) by check payable to Developer; (ii) on a voucher basis; (iii) by check payable jointly to Developer and any contractor, subcontractor other claimant; or (iv) by any other means reasonably selected by the Executive Director. Authority reserves the right to deposit the Construction Portion of Authority Loan (Property and Construction) into an escrow account with the Escrow Holder for disbursement directly by the Escrow Holder. In such event, the Escrow Holder shall be instructed to disburse portions of the Construction Portion of Authority Loan (Property and Construction) on receipt of a Disbursement Request that has been approved, in writing, by Authority.

5.3 Tax Credit Application. Developer shall (i) prepare and submit a complete application to TCAC for an allocation of Tax Credits in the First Round; and (ii) apply to reputable institutional investors and syndicators qualified to act as the Investor. If Developer does not receive a reservation of Tax Credits in the First Round, then in the Second Round Developer shall prepare and submit a complete second application to TCAC for an allocation of Tax Credits. If Developer does not receive a reservation of Tax Credits in the Second Round, then in the Third Round Developer shall prepare and submit a complete third application to TCAC for an allocation of Tax Credits. If Developer does not receive a reservation of Tax Credits in the Third Round, then Developer or Authority may terminate this Agreement pursuant to Section 5.6(a) or 5.7(a), respectively, upon written notice to the other; provided, however, that Authority's Board may, in its sole and absolute discretion, permit Developer to make one (1) more additional reapplication (e.g., a fourth application). In such event, (x) Developer shall not be required to repay any amounts of the Construction Portion of Authority Loan (Property and Construction) disbursed to Developer for predevelopment costs and any amounts loaned to Developer by Authority for payment of predevelopment costs shall be forgiven; (y) Developer shall deliver to Authority any reports, studies, drawings, plans

and specifications; and (z) with the exception of any indemnity obligations of Developer and any other obligations of Developer that are expressly stated in this Agreement to survive the termination of this Agreement, Developer shall have no further obligations under this Agreement.

Developer agrees to promptly submit to Authority all of the following documents at such time as the same are submitted by Developer to TCAC or other applicable body or when such documents are received by Developer, as applicable (any documents submitted prior to the Effective Date of this Agreement shall also have been submitted by Developer to Authority and reviewed by Authority prior to the Effective Date of this Agreement):

(1) A true and correct copy of the preliminary reservation letter from TCAC, a copy of the letter of intent from the Investor reflecting the total amount of the syndication proceeds and the timing of the payment of such proceeds.

(2) A complete copy of the Tax Credit Regulatory Agreement (4 California Code of Regulations § 10340(c)). (As more fully discussed in Section 4.14 of Authority Regulatory Agreement, should Authority be prevented by a final order of a court of competent jurisdiction, applicable and binding appellate opinion, or regulatory body with jurisdiction from enforcing, for any reason, the affordability restrictions set forth in this Agreement, to the extent legally permitted, Authority shall be a third-party beneficiary under said agreement and shall have full authority to enforce any breach or default by Developer thereunder in the same manner as though it were a breach or default under this Agreement.)

(3) Complete copies of all correspondence or transmittals from TCAC or other jurisdiction (such as the Internal Revenue Service) containing any notification regarding the Project's noncompliance with applicable provisions of the Tax Credit Program.

5.4 Project Budget. The Project Budget includes all of the following: (i) a detailed budget; (ii) a Sources and Uses of Funds Statement; (iii) a Cash Flow Projection; and (iv) a First Year Operating Budget.

5.5 Financing Commitments. Not later than the time provided in the Schedule of Performance, Developer shall submit to the Executive Director for approval commitments for the Project Financing. The Executive Director's right to approve such commitments shall be limited to determining whether the commitments (i) provide sufficient funds to undertake and complete the development of the Project in accordance with the Project Budget and approved plans and specifications, and (ii) are from an Institutional Lender. Developer shall have diligently requested not less than three (3) competitive bids from qualified parties for the Tax Credits.

5.6 Developer Right to Terminate. Prior to the Close of Escrow, Developer, if it is not then in material default under this Agreement (subject to the notice and cure

provisions of Section 12.1), may terminate this Agreement by giving thirty (30) days' written notice to Authority on the occurrence of either of the following:

(a) Failure to Obtain Tax Credits. Developer, despite having made commercially reasonable efforts and by the time provided in the Schedule of Performance, has been unable to obtain from TCAC an allocation for Tax Credits under the application filed pursuant to Section 5.3 above.

(b) Failure to Obtain Other Project Financing. Developer, despite having obtained from TCAC an allocation for Tax Credits and despite having made commercially reasonable efforts, has been unable, by the time provide in the Schedule of Performance, to obtain the balance of the Project Financing set forth in the Project Budget.

(c) Project Infeasibility. It becomes reasonably evident to Developer that the Project cannot be constructed within the Project Budget, and Developer is unwilling or unable to make up the shortfall from funds from a source other than Authority and reasonably acceptable to the Executive Director.

In the event of a termination pursuant to this Section 5.6, (i) Developer shall not be required to repay any amounts of the Construction Portion of Authority Loan (Property and Construction) disbursed to Developer for predevelopment costs and any amounts loaned to Developer by Authority for payment of predevelopment costs shall be forgiven; (ii) Developer shall deliver to Authority any reports, studies, drawings, plans and specifications; and (ii) with the exception of any indemnity obligations of Developer and any other obligations of Developer that are expressly stated in this Agreement to survive the termination of this Agreement, Developer shall have no further obligations under this Agreement.

5.7 Authority Right to Terminate. Prior to the Close of Escrow, Authority, if it is not then in material default under this Agreement (subject to the notice and cure provisions of Section 12.1), may terminate this Agreement by giving written notice to Developer on the occurrence of any of the following:

(a) Developer's Failure to Obtain Allocation. Developer, by the time provided in the Schedule of Performance, fails to obtain from TCAC an allocation for Tax Credits under the application filed pursuant to Section 5.3, above for the Third Round.

(b) Developer's Failure to Obtain Other Project Financing. Developer, despite having obtained from TCAC an allocation for Tax Credits, has been unable, by the time provided in the Schedule of Performance, to obtain the balance of the Project Financing set forth in the Project Budget.

(c) Project Infeasibility. It becomes reasonably evident to Authority that the Project cannot be constructed within the Project Budget, and Developer is unwilling or unable to make up the shortfall from funds from a source other than Authority and reasonably acceptable to the Executive Director.

In the event of a termination pursuant to this Section 5.7, provided that if the termination is pursuant to paragraph (a) or (b) above Developer has made commercially reasonable efforts to obtain from TCAC an allocation of Tax Credits and the balance of the Project Financing set forth in the Project Budget, then (i) Developer shall not be required to repay any amounts of the Construction Portion of Authority Loan (Property and Construction) disbursed to Developer for predevelopment costs and any amounts loaned to Developer by Authority for payment of predevelopment costs shall be forgiven; (ii) Developer shall deliver to Authority any reports, studies, drawings, plans and specifications; and (ii) with the exception of any indemnity obligations of Developer and any other obligations of Developer that are expressly stated in this Agreement to survive the termination of this Agreement, Developer shall have no further obligations under this Agreement.

5.8 Developer Fee. The parties acknowledge and agree that Developer shall not be entitled to any fee for developing the Project except as expressly set forth in the Project Budget.

5.9 Cost Savings Obligation. Subject to the requirements of TCAC and other lenders providing loans to the Project that have been approved by Authority, Developer hereby agrees to provide and pay to Authority a "Cost Savings" payment for the Project in an amount to be determined based on the "Audit" (as those terms are described in subparagraph (a) below) to be conducted upon completion of construction of the Project.

(a) Audit to Determine Cost Savings Amount. The actual amount of Cost Savings to be paid to Authority shall be determined after the Audit, as hereafter described, and the amount of such Cost Savings shall be equal to the amount by which the total sources of permanent financing for the Project (which financing includes, but is not limited to, the Authority Loans, the Take-Out Loan, and the equity raised by the sale of the Tax Credits exceed the costs of development incurred for the Project (which costs include, but are not limited to, the hard and soft costs incurred by Developer to develop the Project, and the amount spent to reduce the principal balance of the Construction Loan to the principal balance of the Take-Out Loan). Within sixty (60) days following the completion of lease-up of the Project, Developer shall cause its certified public accountant(s) to perform a final audit of the costs of development of the Project in accordance with the requirements of the Tax Credits and generally accepted accounting principles ("**GAAP**") and generally accepted auditing standards (herein referred to as "**Audit**"). If the Audit determines that the total sources of permanent financing for the Project (which financing includes, but is not limited to, the Authority Loans, the Take-Out Loan, and the equity raised by the sale of the Tax Credits exceed Developer's total costs to develop the Project (which costs include, but are not limited to, the hard and soft costs incurred by Developer to develop the Project, and the amount spent to reduce the principal balance of the Construction Loan to the principal balance of the Take-Out Loan), such excess shall be considered the "**Cost Savings**" for the Project.

(b) Cost Savings Payment as Payment of Principal on Authority Loans. Subject to the requirements of TCAC and other lenders providing loans to the Project that have been approved by Authority, the Cost Savings for the Project, once determined by the Audit pursuant to Section 5.9(a) above and subject to Section 5.9(c) below, shall be due and paid by Developer to Authority and allocated and credited as a principal payment on the Construction Portion of Authority Loan (Property and Construction), as and when paid. Alternatively, the Cost Savings may be used to fund a social services reserve to be used for the Project.

(c) Timing of Payment of Cost Savings. The Cost Savings for the Project shall become due and payable by Developer to Authority upon the later of (i) sixty (60) days after receipt by Developer of the final Tax Credit equity, and (ii) completion of construction of the Project, as evidenced by Authority's issuance of a Release of Construction Covenants.

6. DISPOSITION OF PROPERTY

6.1 Agreement. Authority, subject to the conditions set forth in Section 6.2 below, agrees to sell the Property to Developer, and Developer, subject to the conditions set forth in Section 6.3 below, agrees to purchase the Property from Authority. Subject to each party's reserved rights hereunder, the parties shall cooperate with one another and shall exercise commercially reasonable diligence in an effort to ensure that the conditions precedent set forth in Sections 6.2 and 6.3 are timely satisfied.

6.2 Conditions for Authority's Benefit. Authority's obligation to sell the Property to Developer shall be subject to satisfaction of all of the following conditions precedent or Authority's written waiver of such conditions precedent in its sole and absolute discretion:

(a) Organizational Documents. The Executive Director shall have received and approved a copy of such portions of the organizational documents of Developer or Developer's successor-in-interest as the Executive Director deems reasonably necessary to document the power and authority of Developer to perform its obligations set forth in this Agreement. Developer shall have made full disclosure to Authority of the names and addresses of all persons and entities that have a beneficial interest in Developer.

(b) Insurance. Developer shall have submitted to Authority and Authority shall have approved Developer's evidence of the liability insurance required pursuant to Section 9.6 hereof.

(c) Evidence of Project Financing. The Executive Director shall have received and reasonably approved the following:

(i) Construction Loan. True and complete copies of the Construction Loan documents evidencing the obligation of an Institutional

Lender to make the Construction Loan to Developer, subject only to reasonable and customary conditions.

(ii) Tax Credit Financing. Documentary evidence reasonably acceptable to the Executive Director that Developer has committed, or caused to be committed, funds from the syndication of the Tax Credits (the "**Tax Credit Funds**") for construction of the Project, subject only to reasonable and customary conditions.

(iii) Take-Out Loan Commitment. If applicable, a commitment from an Institutional Lender to make a permanent loan to Developer, with a term of not less than fifteen (15) years, in sum sufficient, when added to any Tax Credit Funds to be disbursed for such purpose, to take-out any existing short-term financing, subject only to reasonable and customary conditions.

(d) USDA Approval. USDA shall have approved the transfer and sale of the WSA Property to Developer, and Developer shall have executed all documents required by USDA to effect the transfer and sale.

(e) General Contractor. The general contractor for the Project (the "**General Contractor**") shall have been approved by the Executive Director.

(f) Construction Contract. Authority shall have received a true and complete copy of a contract by and between Developer and the General Contractor pursuant to which the General Contractor has agreed to construct the Project at a cost consistent with the costs set forth therefor in the Project Budget (the "**Construction Contract**") and the Executive Director shall have approved said Construction Contract.

(g) Completion Bond. If the Construction Lender or the Investor require that a completion bond be posted by the General Contractor, then such completion bond shall name Authority as a co-obligee.

(h) Completion Guaranty. If the Construction Lender or the Investor require a completion guaranty from Developer, or any Affiliate thereof, then Authority shall have also received a completion guaranty from Developer in similar form and content.

(i) Building Permit. The Building Permit for the Project shall have issued or shall be ready to issue subject only to the payment of applicable fees, the posting of required security, or both.

(j) Construction to Commence. The Executive Director shall be reasonably satisfied that construction of the Project will commence not later than thirty (30) days after the Close of Escrow and thereafter will be pursued to completion in a diligent and continuous manner.

(k) Assignment of Construction Contract. Developer shall have conditionally assigned to Authority the Construction Contract by an instrument substantially in the form attached hereto and incorporated herein as Attachment No. 10, including obtaining the consent thereto of the General Contractor, which assignment shall be subordinated to any pledge or assignment to the Construction Lender.

(l) Request for Notice of Default. Escrow Holder shall be ready to record a request for notice of default pursuant to Civil Code Section 2924(b), requesting that any beneficiaries of liens securing the Project Financing notify Authority of any default under the instrument creating the lien (the “**Request for Notice**”).

(m) Documents Executed. Developer shall have duly executed the Grant Deed, the Authority Note (Plans), the Authority Note (Property and Construction), the Authority Deed of Trust (Plans), the Authority Deed of Trust (Property and Construction), Authority Regulatory Agreement, and Notice of Affordability, with signatures acknowledged (as applicable) and deposited them into Escrow.

(n) Settlement Statement. Authority shall have approved the settlement statement prepared by Escrow Holder for the Close of Escrow.

(o) Title Policy. Title Company is prepared to issue its LP-10 loan policy of title insurance naming Authority as the insured, in a policy amount not less than the principal amount of Authority Loans, showing Developer as the fee owner of the Property and insuring each of the Authority Deed of Trust (Plans) and Authority Deed of Trust (Property and Construction) to be a valid lien on the Property subject only to exceptions approved by Authority (the “**Authority Title Policy**”).

(p) Total Project Cost. Nothing shall have come to the attention of Developer and/or Authority to indicate that the Project cannot be completed at a cost consistent with the Project Budget and, if there has been such an indication, Developer has provided evidence, reasonably satisfactory to Executive Director, of the availability of funding sources other than Authority to complete the Project. If Developer becomes aware of any such information, Developer shall promptly give notice thereof to Authority.

(q) Representations and Warranties. The representations of Developer contained in this Agreement shall be correct in all material respects as of the date of the disbursement as though made on and as of that date and, if requested by the Executive Director, Authority shall have received a certificate to that effect signed by Developer.

(r) No Default. No Event of Default by Developer shall then exist, and no event shall then exist which, with the giving of notice or the passage of time or

both, would constitute an Event of Default by Developer and, if requested by Executive Director, Authority shall have received a certificate to that effect signed by Developer.

6.3 Conditions for Developer's Benefit. Developer's obligation to purchase the Property from Authority shall be subject to satisfaction of all of the following conditions precedent or Developer's written waiver of such conditions precedent in its sole and absolute discretion:

(a) Condition of Property. No material changes shall have occurred after the Effective Date with respect to the condition of the Property.

(b) No Termination. Developer shall have approved the environmental condition of the Property pursuant to Section 4.3, the financial condition of the Property pursuant to Section 4.4, the condition of title to the Property pursuant to Section 4.5, the Survey pursuant to Section 4.5, and the USDA matters pursuant to Section 4.7.

(c) Evidence of Project Financing. The Developer shall have received commitments for the Construction Loan, Tax Credit Financing, and Take-Out Loan (if any) in form and substance acceptable to the Developer, and the Construction Loan and Tax Credit financing shall close concurrently with Close of Escrow.

(d) Total Project Cost. Nothing shall have come to the attention of Developer and/or Authority to indicate that the Project cannot be completed at a cost consistent with the Project Budget and, if there has been such an indication, Developer has provided evidence, reasonably satisfactory to Executive Director, of the availability of funding sources other than Authority to complete the Project.

(e) Additional Authority Deliverables. Authority shall have delivered to Escrow Holder all of the following:

(i) Two (2) duplicate original copies of the WSA Bill of Sale, duly executed by Authority;

(ii) Two (2) duplicate originals of the Assignment of WSA Tenant Leases, duly executed by Authority;

(iii) All of the original WSA Tenant Leases including any amendments, modifications, letter agreements and correspondence relating thereto (to be delivered to Developer at the Property upon Close of Escrow);

(iv) A Rent Roll, dated no earlier than three (3) days prior to the Closing Date;

(v) A Non-Foreign Affidavit and a California Franchise Tax Board Form 590-RE executed by Authority;

(vi) Originals, if available, and copies if originals are unavailable, of all WSA Contracts which Developer elects to assume pursuant to Section 4.2 hereof (to be delivered to Developer at the Property upon Close of Escrow);

(vii) Originals or, if unavailable, copies of all Intangible Personal Property which Authority has in its possession (to be delivered to Developer at the Property upon Close of Escrow);

(viii) Two (2) duplicate originals of an Assignment of Contracts that includes all WSA Contracts which Developer has elected to assume pursuant to Section 4.2, duly executed by Authority;

(ix) All soils, seismic, geologic, drainage, toxic waste and environmental reports, surveys, "as-built" plans and specifications, working drawings, grading plans, elevations and similar information with respect to the WSA Real Property and Additional Real Property heretofore obtained by Authority which Authority has in its possession to the extent that originals of such items have not been delivered previously by Authority to Developer pursuant to Section 4.1 or 4.2 (to be delivered to Developer at the Property upon Close of Escrow);

(x) Two (2) duplicate originals of the Notice to Tenants;

(xi) All keys to the WSA Improvements which Authority or Authority's agents have in their possession, which keys shall include all "master" keys and apartment unit keys in the possession of Authority or its agents or representative, which keys shall be properly tagged for identification (to be delivered to Developer at the Property upon Close of Escrow);

(xii) A report to be ordered and obtained by Escrow Holder prepared by Title Company or a search firm reasonable acceptable to Developer of all UCC liens filed in the California Secretary of State's Office against the WSA Property, to be delivered to Developer at least five (5) days prior to the Closing Date;

(f) USDA and Provident Approvals. Each of USDA and Provident shall have approved the transfer and sale of the WSA Property to Developer, and the assignment and assumption of the USDA Loan and Provident Loan, respectively, to Developer, and Authority shall have executed all documents required by USDA and Provident to effect the transfer and sale and assignments.

(g) Assignment of Design and Engineering Agreements. Authority shall have, concurrent with the Close of Escrow, assigned to Developer the

Design and Engineering Agreements for the Project pursuant to the Assignment of Contracts, which assignment shall be subordinated to any pledge or assignment to the Construction Lender. Authority shall have also delivered to Developer the written consent of the other party to each such Design and Engineering Agreement to said assignment in the form included as part of said Assignment of Contracts including, without limitation, to the use by Developer of the Design and Engineering Agreements, as well as the ideas, designs, and concepts contained within them.

(h) Building Permit. The Building Permit for the Project shall have issued or shall be ready to issue subject only to the payment of applicable fees, the posting of required security, or both.

(i) Settlement Statement. Developer shall have approved the settlement statement prepared by Escrow Holder for the Close of Escrow.

(j) Title Insurance. The Title Company shall be prepared to issue an ALTA extended policy of title insurance, with liability in the amount required by the Investor, but in no event less than the total of the equity raised from the sale of the Tax Credits plus the principal amounts of the Take-Out Loan and Authority Loans, showing title to the Property vested in Developer, free and clear of all recorded liens, encumbrances, encroachments, assessments, leases and taxes except (i) the Project Documents being recorded at the Close of Escrow pursuant to the terms of this Agreement, (ii) the lien of the Construction Loan Security Documents, (iii) the exceptions set forth in that certain preliminary title report issued by the Title Company as its Order Number FS1699, dated April 17, 2017 (the "**Title Report**"), and (iv) the standard conditions and exceptions contained in an ALTA standard owner's policy of title insurance that is regularly issued by the Title Company in transactions similar to the one contemplated by this Agreement (the "**Developer Title Policy**"). With respect to the forgoing, Developer acknowledges that prior to the Effective Date, Authority has caused the Title Company to deliver to Developer a copy of the Title Report, together with legible copies of the documents underlying the exceptions set forth therein, and Developer has approved all of the same. The Title Company shall provide the City with a copy of Developer Title Policy.

(k) No Default. No Event of Default by Authority shall then exist, and no event shall then exist which, with only the giving of notice or the passage of time or both, would constitute an Event of Default by Authority.

6.4 Developer Right to Terminate. If, by the time provided in the Schedule of Performance, any of the conditions set forth in Section 6.3 have not been satisfied, or waived by Developer, then Developer, provided that it is not then in material default under this Agreement (subject to the notice and cure provisions of Section 12.1), may terminate this Agreement by giving thirty (30) days' written notice to Authority. In the event of such termination, (i) Developer shall not be required to repay any amounts of the Construction Portion of Authority Loan (Property and Construction) disbursed to

Developer for predevelopment costs and any amounts loaned to Developer by Authority for payment of predevelopment costs shall be forgiven; (ii) Developer shall deliver to Authority any reports, studies, drawings, plans and specifications; and (ii) with the exception of any indemnity obligations of Developer and any other obligations of Developer that are expressly stated in this Agreement to survive the termination of this Agreement, Developer shall have no further obligations under this Agreement.

6.5 Developer's Failure to Satisfy Conditions. If, by the time provided in the Schedule of Performance, any of the conditions set forth in Section 6.2 have not been satisfied, or waived by Authority, then Authority, provided that it is not then in material default under this Agreement (subject to the notice and cure provisions of Section 12.1), may terminate this Agreement by giving thirty (30) days' written notice to Developer.

6.6 Waiver of Conditions. The conditions set forth in Section 6.2 are for Authority's benefit only and the Executive Director may waive all or any part of such rights by written notice to Developer. The conditions set forth in Section 6.3 are for Developer's benefit only and Developer may waive all or any part of such rights by written notice to Authority.

7. CLOSE OF ESCROW; ESCROW EXPENSES

7.1 Close of Escrow. Upon receipt by the Escrow Holder of all funds and documents required to conduct the Close of Escrow in accordance with this Agreement, and when the conditions precedent described in Section 6.2 have been satisfied, or waived by the Executive Director, and the conditions precedent described in Section 6.3 have been satisfied, or waived by Developer, the Escrow Holder shall take all of the following actions:

(a) Recordation. Escrow Holder shall record the following documents in the Official Records in the following order:

- (i) Grant Deed;
- (ii) Authority Regulatory Agreement;
- (iii) the Construction Loan Security Documents;
- (iv) the Authority Deed of Trust (Plans);
- (v) the Authority Deed of Trust (Property and Construction);
- (vi) the Request for Notice;
- (vii) the Notice of Affordability; and

(viii) such other documents required to close the Escrow in accordance with this Agreement;

- (b) Deliveries to Authority. Escrow Holder shall deliver to Authority:
- (i) a conformed copy of each of the documents recorded pursuant to paragraph (a) above;
 - (ii) the original recorded Authority Regulatory Agreement, Authority Deed of Trust (Plans), Authority Deed of Trust (Property and Construction), Request for Notice, and Notice of Affordability; and
 - (iii) Authority Title Policy;
- (c) Deliveries to Developer. Escrow Holder shall deliver to Developer:
- (i) a conformed copy of each of each of the documents recorded pursuant to paragraph (a) above;
 - (ii) the original recorded Grant Deed; and
 - (iii) Developer Title Policy.
- (d) Property Taxes. Authority is exempt from the payment of property taxes and will not be required to pay any taxes for the Property. Developer shall pay all property taxes and assessments for the Property from and after the Close of Escrow.

7.2 Expenses of Developer. Developer shall pay: (a) any and all documentary transfer taxes and recording fees arising from the conveyance of the Property from Authority to Developer, (b) the Escrow fee, (c) the premium for the Authority Title Policy and Developer Title Policy, and (d) all such other costs and expenses related to the Escrow and not expressly provided for herein.

7.3 Instruction to Escrow Holder Regarding Waiver of Transfer Taxes and Recording Fees. The Escrow Holder is hereby instructed to seek such waivers and exemptions from transfer taxes and recording fees as are available pursuant to Revenue and Taxation Code Section 11922 and Government Code Sections 6103 and 27383, respectively.

7.4 Broker's Commissions. Developer represents and warrants to Authority that Developer has not engaged any broker, agent or finder in connection with this Agreement, and Developer agrees to indemnify, protect, hold harmless, and defend the Indemnitees from any claim by any brokers, agents or finders retained by Developer. Authority represents and warrants to Developer that Authority has not engaged any broker, agent, or finder in connection with this Agreement, and Authority agrees to indemnify, protect, hold harmless, and defend Developer and its officers, officials, members, employees, representatives, agents, and volunteers from any claim by any brokers, agents, or finders retained by Authority.

8. OTHER ESCROW INSTRUCTIONS

8.1 Funds in Escrow. All funds received in the Escrow shall be deposited by the Escrow Holder in a general escrow account with any state or national bank doing business in the State of California and reasonably approved by the Executive Director and Developer, and such funds may be combined with other escrow funds of the Escrow Holder. All disbursements shall be made on the basis of a thirty (30) day month.

8.2 Failure to Close. If the Close of Escrow does not occur on or before the (applicable) Outside Closing Date, either party not then in default may, in writing, demand the return of its money, papers, or documents from the Escrow Holder. No demand for return shall be recognized until fifteen (15) days after the Escrow Holder (or the party making such demand) shall have mailed copies of such demand to the other party. Objections, if any, shall be raised by written notice to the Escrow Holder and to the other party within the fifteen (15) day period, in which event the Escrow Holder is authorized to hold all money, papers and documents until instructed by mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, the Escrow Holder shall close the Escrow as soon as possible.

If objections are raised in the manner provided above, the Escrow Holder shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Executive Director and Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction. If no such objections are made within said fifteen (15) day period, the Escrow Holder shall immediately return the demanded money, papers or documents.

8.3 Amendments. Any amendment to these Escrow instructions shall be in writing and signed by the Executive Director or Authority Counsel and Developer. At the time of any amendment, the Escrow Holder shall agree to carry out its duties as the Escrow Holder under such amendment.

8.4 Notices. All Notices from the Escrow Holder to Authority or Developer shall be given in the manner provided in Section 13.

8.5 Liability. The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under Sections 6, 7 and 8 and such additional general or special instructions as may be prepared by the Escrow Holder and approved and executed by the parties.

9. DEVELOPMENT OF THE PROJECT

9.1 Scope of Development. Developer shall construct the Project on the Property in accordance with all applicable Governmental Requirements, the approved Land Use Entitlements, and the Scope of Development. In the event of any conflict between the approved Land Use Entitlements and the Scope of Development, the approved Land Use Entitlements shall govern and control. Subject to Section 16.10

below, Developer shall commence and complete construction of the Project on the Property by the respective times established therefor in the Schedule of Performance.

9.2 Additional Governmental Permits and Approvals. Before commencement of construction or development of any buildings, structures or other works of improvement upon the Property by Developer, Developer shall, at its own expense, secure or cause to be secured any and all permits and approvals not included in the Land Use Entitlements which may be required by the City or any other governmental agency affected by or with jurisdiction over such construction, development or work, including, without limitation, a Building Permit. Developer shall pay all necessary fees. Authority will, without obligation to incur liability or expense therefor, use its reasonable efforts to expedite issuance of building permits and certificates of occupancy for construction that meets the requirements of the La Quinta Municipal Code.

9.3 Displacement; Relocation. Developer acknowledges that each of the Existing WSA Tenants will be displaced in order to complete the demolition of one (1) of the Existing WSA Units and rehabilitation work planned for seventy-two (72) of the Existing WSA Units. Developer acknowledges and agrees that it is the purpose and intent of Authority to minimize the disruption to the Existing WSA Tenants. In furtherance of the foregoing, Developer shall not displace any Existing WSA Tenant until such time as Developer has either completed construction of a New WSA Unit or completed rehabilitation of an Existing WSA Unit, as evidenced by the City's issuance of a certificate of occupancy for such New WSA Unit or rehabilitated Existing WSA Unit, as applicable, and the Existing WSA Tenant is relocated to such New WSA Unit or rehabilitated Existing WSA Unit, as applicable. In carrying out the construction of the Project, Developer shall comply with the Relocation Plan and Relocation Laws and Regulations.

9.4 Cost of Project. With the exception of the Authority Loans that Authority has agreed to provide Developer hereunder to assist Developer with the costs to acquire the Property and construct the Project, all Project Costs shall be borne exclusively by Developer. The Developer shall also bear all costs related to discharging the duties of Developer set forth in this Agreement. The Developer shall be responsible for all fees associated with construction of the Project, including, but not limited to, school facilities fees and development impact fees.

9.5 Indemnity. Developer shall defend (by counsel satisfactory to Authority), reimburse, indemnify, protect, and hold harmless the Indemnitees on demand, for any and all claims, including claims for injunctive, equitable, or declaratory relief, losses, costs, liabilities of any kind (including strict liability), including liability for damage to property or injuries to persons, including accidental death, damages, expenses (including reasonable attorneys' fees incurred in connection with any of the foregoing and incurred in connection with enforcing this provision), penalties or fines, of any kind whatsoever, paid, incurred, or suffered by or asserted against any of the Indemnitees by any person (collectively "**Claims**"), in connection with, arising out of or resulting in any way whatsoever from any of the following (except to the extent arising or resulting from the gross negligence or willful misconduct of any Indemnitee):

- (a) the activities or performance of Developer or any of Developer's employees, agents, representatives, contractors, or subcontractors under this Agreement;
- (b) the making of the Authority Loans;
- (c) any act or omission of Developer, any of Developer's contractors, subcontractors or material suppliers, engineers, architects or other persons with respect to the Property;
- (d) the acquisition, occupancy or use of the Property by Developer; or
- (e) Developer's failure to comply with the Relocation Plan or Relocation Laws and Regulations.

9.6 Insurance Requirements.

(a) Commencing on the Close of Escrow and continuing throughout the term of the Authority Regulatory Agreement, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority's Executive Director, the following policies of insurance:

(i) Commercial General Liability Insurance covering bodily injury, property damage, personal injury and advertising injury written on a per-occurrence and not a claims-made basis containing the following minimum limits: (i) general aggregate limit of Three Million Dollars (\$3,000,000); (ii) products-completed operations aggregate limit of Three Million Dollars (\$3,000,000); (iii) personal and advertising injury limit of One Million Dollars (\$1,000,000); and (iv) each occurrence limit of One Million Dollars (\$1,000,000). Said policy shall include the following coverages: (i) blanket contractual liability (specifically covering the indemnification clause contained in Section 9.5 hereof); (ii) products and completed operations; (iii) independent contractors; (iv) Owner's broad form property damage; (v) severability of interest; (vi) cross liability; and (vii) property damage liability arising out of the so-called "XCU" hazards (explosion, collapse and underground hazards). The policy shall be endorsed to have the general aggregate apply to this Project only.

(ii) A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure, and provide legal defense for Authority and Developer against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Developer in the course of carrying out the work or services contemplated in this Agreement, and Employers Liability Insurance in an amount not less than One Million Dollars (\$1,000,000) combined single limit for all damages arising from each accident or occupational disease.

(iii) A policy of comprehensive automobile liability insurance written on a per-occurrence basis in an amount not less than Two Million Dollars (\$2,000,000) combined single limit covering all owned, non-owned, leased and hired vehicles used in connection with the Work.

(b) Commencing on the date of the Close of Escrow and continuing until Authority issues a Release of Construction Covenants for the Project, Developer shall procure and maintain, at its sole cost and expense, in a form and content reasonably satisfactory to Authority's Executive Director, Builder's Risk (course of construction) insurance coverage in an amount equal to the full cost of the hard construction costs of the Project. Such insurance shall cover, at a minimum: all work, materials, and equipment to be incorporated into the Project; the Project during construction; the completed Project until such time as the City issues a final certificate of occupancy for the Project, and storage and transportation risks. Such insurance shall protect/insure the interests of Developer/owner and all of Developer's contractor(s), and subcontractors, as each of their interests may appear. If such insurance includes an exclusion for "design error," such exclusion shall only be for the object or portion which failed. Authority shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement

(c) Prior to commencing any activities hereunder, Developer shall cause any general contractor with whom it has contracted for the performance of work on the Property to secure and thereafter to maintain insurance that satisfies all of the requirements of this Section 9.6.

(d) Commencing on the date Authority issues a Release of Construction Covenants, and continuing throughout the term of the Regulatory Agreement, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority's Executive Director, the following types of insurance:

(i) Insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Riverside County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquakes to the extent generally and commercially available at commercially reasonable rates, if such insurance is generally obtained for affordable Projects in the county of Riverside. Authority shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

(ii) Business interruption and extra expense insurance to protect Developer and Authority covering loss of revenues and/or extra expense incurred by reason of the total or partial suspension or delay of, or

interruption in, the operation of the Project caused by loss or damage to, or destruction of, any part of the insurable real property structures or equipment as a result of the perils insured against under the all risk physical damage insurance, covering a period of suspension, delay or interruption of at least twelve (12) months, in an amount not less than the amount required to cover such business interruption and/or extra expense loss during such period.

(iii) Boiler and machinery insurance in the aggregate amount of the full replacement value of the equipment typically covered by such insurance.

(e) The following additional requirements shall apply to all of the above policies of insurance:

(i) All of the above policies of insurance shall be primary insurance and, except the Worker's Compensation, Employer Liability insurance, and automobile liability insurance, shall name the Indemnitees as additional insureds on an ISO Form CG 20:10 (current version) or substantially similar form and not an ISO Form CG 20:09. The insurer shall waive all rights of subrogation and contribution it may have against the Indemnitees and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days' prior written notice to Authority. In the event any of said policies of insurance are cancelled, Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director. Not later than the Effective Date, Developer shall provide the Executive Director with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders shall be subject to the reasonable approval of the Executive Director.

(ii) The policies of insurance required by this Agreement shall be satisfactory only if issued by companies of recognized good standing authorized to do business in California, rated "A-" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Executive Director due to unique circumstances.

(iii) The Developer agrees that the provisions of this Section shall not be construed as limiting in any way Authority's right to indemnification or the extent to which Developer may be held responsible for the payment of damages to any persons or property resulting from Developer's activities or the activities of any person or persons for which Developer is otherwise responsible.

9.7 Remedies for Defaults Re: Insurance. In addition to any other remedies Authority may have, if Developer commits a default hereunder by failing to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, Authority may, at its sole option, obtain such insurance and either deduct the amount of the premium for such insurance from any sums due to Developer by Authority from the Authority Loans or invoice the Developer for the amount of said premium. Exercise of the remedy set forth herein, however, is an alternative to other remedies Authority may have and is not the exclusive remedy for Developer's failure to maintain insurance or secure appropriate endorsements.

9.8 Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. If the Project shall be totally or partially destroyed or rendered uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall, subject to the rights of the Construction Lender promptly proceed to obtain all available insurance proceeds and, to the extent proceeds are available, take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project to substantially the same condition as it existed prior to the casualty and Developer shall complete or cause to be completed the same as soon as possible thereafter so that the Project can be operated in accordance with this Agreement. The Authority shall cooperate with Developer, at no expense to Authority, in an effort to obtain any governmental permits required for such repair, replacement, or restoration.

9.9 Rights of Access. For purposes of assuring compliance with this Agreement, representatives of Authority and the City shall have the right of access to the Property without charges or fees, at normal business hours during the construction of the Project (subject to reasonable job safety rules as may be imposed by Developer or the General Contractor), including, but not limited to, the inspection of the work being performed in constructing the Project, so long as they comply with all safety rules. Such representatives of Authority or of the City shall be those who are so identified in writing by the Executive Director of Authority. The Authority shall repair any damage arising out of the activities of Authority and the City as referred to in this Section 9.10.

9.10 Compliance with Laws; Compliance with Prevailing Wage Laws.

(a) Compliance with Laws. The Developer shall carry out the construction, development and operation of the Project in conformity with all Governmental Requirements, including without limitation all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.

(b) Compliance with Prevailing Wage Laws.

(i) Developer shall carry out the construction through completion of the Project and the overall development of the Property in conformity with all applicable Governmental Requirements relating to the payment of prevailing wages and compliance with prevailing wage rules, including, without limitation, if 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.) (“**California Prevailing Wage Law**”). The parties acknowledge that a financing structure utilizing certain federal and/or state funding sources and financing scenarios may trigger compliance with applicable state and federal prevailing wage laws and regulations. Developer shall determine the applicability of federal, state, and local prevailing wage laws based upon the final financing structure and sources of funding of the Project, as approved by the Executive Director.

(ii) Developer shall be solely responsible, expressly or impliedly and legally and financially, for determining and effectuating compliance with all applicable federal, state, and local public works requirements, prevailing wage laws, and labor laws and standards, and Authority makes no representation, either legally and/or financially, as to the applicability or non-applicability of any federal, state, and local laws to the construction of the Project. Developer expressly, knowingly, and voluntarily acknowledges and agrees that neither Authority nor the City have previously represented to Developer or to any representative, agent, or Affiliate of Developer, or any contractor(s) or any subcontractor(s) for the demolition work, construction, or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work and construction of the Project is (or is not) a “public work,” as defined in Section 1720 of the Labor Code or under Davis-Bacon.

(iii) Developer knowingly and voluntarily agrees that Developer shall have the obligation to provide any and all disclosures or identifications as may be required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation, to the extent applicable to the work and construction of the Project. Developer shall indemnify, protect, pay for, defend, and hold harmless the Indemnitees, with legal counsel reasonably acceptable to Authority, from and against any and all loss, liability, damage, claim, cost, expense, and/or “increased costs” (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (i) the noncompliance by Developer or its contractor with any applicable local,

state, and/or federal law or regulation, including, without limitation, any applicable federal and/or state labor laws or regulations (including, without limitation, if applicable, the requirement to pay state and/or federal prevailing wages and hire apprentices); (ii) the implementation of Section 1781 of the Labor Code and/or of Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation; and/or (iii) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation. It is agreed by the parties that, in connection with the demolition work, development, and construction (as defined by applicable law or regulation) of the Project, including, without limitation, any and all public works (as defined by applicable law or regulation), Developer shall bear all risks of payment or non-payment of prevailing wages under applicable federal, state, and local law or regulation and/or the implementation of Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, and/or any other similar law or regulation. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by Developer.

(iv) **“Increased costs,”** as used in this Section 9.10, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time.

9.11 Anti-Discrimination. Pursuant to Section 33050 of the California Community Redevelopment Law, Developer for itself and its successors and assigns, agrees, that in the construction of the Project on the Property or other performance under this Agreement, Developer shall not discriminate against any employee or applicant for employment on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code.

9.12 Taxes and Assessments. After the Close of Escrow, Developer shall pay prior to delinquency all real estate taxes and assessments on the Property so long as Developer retains any interest therein. Developer shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within a reasonable time but in any event prior to any sale or transfer of all or any portions thereof. Notwithstanding the above, Developer shall have the right to contest the validity or amounts of any tax, assessment, or encumbrance available to Developer in respect thereto, or obtain any available exemptions.

9.13 Right of Authority to Satisfy Other Liens on the Property(s). At any time prior to the completion of construction, and after Developer has had written notice and has failed after a reasonable time, but in any event not less than forty-five (45) days, to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the

Property which are not otherwise permitted under this Agreement, Authority shall have the right but no obligation to satisfy any such liens or encumbrances. Notwithstanding the above, Developer shall have the right to contest the validity or amounts of any liens or encumbrance available to Developer in respect thereto.

9.14 Non-liability of Authority. Developer acknowledges and agrees that:

(a) Authority neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform Developer of any matter in connection with the development of the Project, including matters relating to: (i) contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, and/or (ii) the progress of the Project and its conformity with the Final Construction Documents; and Developer shall rely entirely on its own judgment with respect to such matters and acknowledge that any review, inspection, supervision, approval or information supplied to Developer by Authority in connection with such matters is solely for the protection of Authority and that neither Developer nor any third party is entitled to rely on it;

(b) Authority is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Developer and Authority does not intend to ever assume any such status; and Authority shall not be deemed responsible for or a participant in any acts, omissions or decisions of Developer;

(c) Authority shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Property whether arising from: (i) any defect in any building, grading, landscaping or other onsite or offsite improvement; (ii) any act or omission of Developer or any of Developer's agents, employees, contractors, licensees or invitees; or (iii) from and after the Close of Escrow any accident on the Property or any fire or other casualty or hazard thereon not caused by the Indemnitees; and

(d) By accepting or approving anything required to be performed or given to Authority under this Agreement, including any certificate, financial statement, survey, appraisal or insurance policy, Authority shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by Authority to anyone.

9.15 Release of Construction Covenants. Promptly after completion of construction of the Project by Developer in conformity with this Agreement, Authority shall furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. Authority shall not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the construction required by this

Agreement and the Release of Construction Covenants shall so state. The Release of Construction Covenants shall be in the form attached hereto as Attachment No. 19 or such other similar form as to permit it to be recorded in the Official Records. If Authority refuses or fails to furnish a Release of Construction Covenants for the Project after written request from Developer, Authority shall, within fifteen (15) days of written request therefor, provide Developer with a written statement of the reasons Authority refused or failed to furnish the requested Release of Construction Covenants. The statement shall also contain Authority's opinion of the actions Developer must take to obtain the Release of Construction Covenants. If the reason for such refusal is confined to the immediate unavailability of specific items of materials for landscaping or other minor "punch list" items, Authority shall issue its Release of Construction Covenants upon the posting of cash, a bond, or other security acceptable to Authority in Authority's sole discretion by Developer with Authority in an amount representing the fair value of the work not yet completed, and Developer shall thereafter complete the "punch list" work with reasonable diligence and in no event later than sixty (60) days after Authority's issuance of the Release of Construction Covenants. A Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage or any insurer of a mortgage securing money loaned to finance the improvements, or any part of this Agreement, or a release of any obligations under this Agreement which survives issuance of the Release of Construction Covenants. A Release of Construction Covenants is not a notice of completion as referred to in the California Civil Code Section 3093.

10. AFFORDABILITY COVENANTS

As more particularly provided in the Authority Regulatory Agreement, for a period of fifty-five (55) years, (i) twenty-four (24) of the dwelling units in the Project shall be rented to households whose incomes do not exceed the qualifying limits under California law for "extremely low income households," as established by HUD, and as published periodically by HCD; (ii) fifty (50) of the dwelling units in the Project shall be rented to households whose incomes do not exceed forty percent (40%) of the area median income for Riverside County, as established by HUD, and as published periodically by HCD; (iii) sixty (60) of the dwelling units in the Project shall be rented to households whose incomes do not exceed the qualifying limits under California law for "very low income households," as established by HUD, and as published periodically by HCD; and (iv) four (4) of the dwelling units in the Project shall be rented to households whose incomes do not exceed sixty percent (60%) of the area median income for Riverside County, as established by HUD, and as published periodically by HCD, with all of such dwelling units rented at an affordable rent, pursuant to Health and Safety Code Section 50053(b). The remaining two (2) of the dwelling units at the Project shall be occupied by management and maintenance staff for the Project whose incomes do not exceed the qualifying limits under California law for "moderate income households" as established by HUD, and as published periodically by HCD.

11. GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Developer's Formation, Qualification and Compliance. Developer represents and warrants that (a) it is validly existing and in good standing under the laws of the State of California, (b) it has all requisite authority to conduct its business and own and lease its properties, (c) it has all requisite authority to execute and perform its obligations under this Agreement, (d) this Agreement is binding upon Developer in accordance with its terms, and (e) the individuals executing this Agreement on behalf of Developer are duly authorized to execute and deliver this Agreement on behalf of Developer.

11.2 Litigation. Developer represents and warrants that there are no actions, lawsuits or proceedings pending or, to the best of Developer's knowledge, threatened against or affecting Developer, the adverse outcome of which could have a material adverse effect on Developer's ability to perform its obligations under this Agreement.

11.3 Authority. Authority represents and warrants that (a) it is validly existing and in good standing under the laws of the State of California, (b) it has all requisite authority to conduct its business and own and lease its properties, (c) it has all requisite authority to execute and perform its obligations under this Agreement, (d) this Agreement is binding upon Authority in accordance with its terms, and (e) the individuals executing this Agreement on behalf of Authority are duly authorized to execute and deliver this Agreement on behalf of Authority.

12. DEFAULTS AND REMEDIES

12.1 Event of Default. Any of the following events or occurrences with respect to either party shall constitute a material breach of this Agreement and, after the expiration of any applicable cure period, shall constitute an "**Event of Default**" by such party:

(a) The failure by either party to pay any amount in full when it is due under this Agreement, if the failure has continued for a period of ten (10) days after the party entitled to payment demands in writing that the other party cure that failure.

(b) The failure by either party to perform any other obligation under this Agreement, if the failure has continued for a period of thirty (30) days after demand in writing that such party cure the failure, or such shorter time period as may be provided for in one of the other Project Documents. If, however, by its nature the failure cannot reasonably be cured within said time period, such party may have such longer period of time as is reasonably necessary to cure the failure, provided that such party commences said cure within said thirty (30) day period, and thereafter diligently prosecutes said cure to completion.

12.2 No Waiver. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default, or of any such rights or remedies, or

deprive any such party 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.

12.3 Legal Actions.

(a) Specific Performance. The non-defaulting party, upon expiration of applicable notice and cure periods, shall be permitted, but not obligated, to commence an action for specific performance of the terms of this Agreement, or to cure, correct or remedy any default hereunder or to obtain any other legal or equitable remedy consistent with the purpose of this Agreement. In this regard, Developer specifically acknowledges that Authority is entering into this Agreement for the purpose of assisting in the redevelopment of the Property and the provision of affordable housing and not for the purpose of enabling Developer to speculate in land. Authority shall also have the right to pursue damages for Developer's defaults but in no event shall Developer be entitled to damages of any kind from Authority, including, without limitation, damages for economic loss, lost profits, or any other economic or consequential damages of any kind. The foregoing sentence shall not affect the right of the Developer to receive attorney's fees pursuant to Section 12.3(c) below.

(b) Institution of Legal Actions. Any legal actions must be instituted in the Superior Court of the County of Riverside, State of California, or in the Federal District Court in the Central District of California.

(c) Attorney's Fees. If either party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees. If either party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other party, then the party so litigating shall be entitled to reasonable attorneys' fees from the other party to this Agreement. Attorneys' fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, retaining expert witnesses, taking depositions and discovery, and all other necessary costs incurred with respect to such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

(d) Applicable Law. The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement, without regard to conflict of law principles.

(e) Acceptance of Service of Process.

(i) In the event that any legal action is commenced by the Developer against Authority, service of process on Authority shall be

made by personal service upon the Executive Director or in such other manner as may be provided by law.

(ii) In the event that any legal action is commenced by Authority against Developer, service of process on Developer shall be made by personal service upon any officer or director of Developer and shall be valid whether made within or without the State of California or in such other manner as may be provided by law.

(f) Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties 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 time or different times, of any other rights or remedies for the same default or any other default by the other party.

12.4 Reimbursement of Authority. Within fifteen (15) days after its receipt of written demand from Authority, Developer shall reimburse Authority for all costs reasonably incurred by Authority (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants) in connection with Authority enforcement of the Project Documents and all related matters, including, without limitation, the following: (a) Authority's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document; and (b) all claims, demands, causes of action, liabilities, losses, and other costs against which any of the Indemnitees is indemnified under the Project Documents. Such reimbursement obligations shall bear interest from the date occurring fifteen (15) days after Authority makes written demand to Developer at the rate of ten percent (10%) per annum or the maximum legal rate, whichever is less. Such reimbursement obligations shall survive termination of this Agreement.

13. NOTICES

All notices, consents, demands, approvals and other communications (the "**Notices**") that are given pursuant to this Agreement shall be in writing to the appropriate party and shall be deemed to have been fully given when delivered, including personal delivery, delivery by reputable commercial delivery service that provides a receipt with the time and date of delivery, or if deposited in the United States mail, certified or registered, postage prepaid, within two (2) days after deposit. All Notices shall be addressed as follows:

If to Developer:	Coachella Valley Housing Coalition 45701 Monroe Street, Suite G Indio, California, 92201 Phone No.: _____ Attention: _____
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with a copy to: Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, CA 94612
Phone No.: _____
Attention: Scott R. Barshay, Esq.

If to Authority: La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Phone No.: _____
Attention: Executive Director

with a copy to Rutan & Tucker, LLP
611 Anton, Suite 1400
Costa Mesa, CA 92626
Phone No.: 714-641-5100
Attention: William H. Ihrke, Esq.

Addresses for notice may be changed from time to time by notice to the other party. Notwithstanding that Notices shall be deemed given when delivered, the non-receipt of any Notice as the result of a change of address of which the sending party was not notified shall be deemed receipt of such Notice.

14. ASSIGNMENT

14.1 Generally Prohibited. Except as otherwise expressly provided to the contrary in this Agreement, Developer shall not assign any of its rights or delegate any of its duties under this Agreement, nor shall any changes occur with respect to the ownership and/or control of Developer, including, without limitation, stock transfers, or transfers, sales or issuances of membership or ownership interests, or statutory conversions, without the prior written consent of the Executive Director, which consent may be withheld in his or her sole and absolute discretion. Any such assignment or delegation without such consent shall, at Authority's option, be void. Notwithstanding the foregoing, however, (i) Developer may transfer and assign its rights and duties hereunder to a limited partnership in which Developer or an Affiliate of Developer is the general partner (the "**Partnership**") without obtaining any consent, the Investor may be admitted to the Partnership as a Tax Credit limited partner without obtaining any consent, and the Investor may assign its interests as a Tax Credit limited partner to a subsequent reputable institutional investor without any consent; (ii) the Investor may remove the general partner for a default under the Partnership Agreement, provided the replacement general partner is reasonably acceptable to Authority; and (iii) Developer may grant to the general partner an option and right of first refusal to purchase the Project or the Investor's limited partnership interest, and the general partner, or its Affiliate, may exercise such option or right of first refusal to acquire the Project or the limited partnership interest. For purposes of this Section 14.1, if the Investor transfers

to an entity in which the Investor or an Affiliate of the Investor is the managing general partner or managing member such transferee entity shall be deemed to be a “reputable institutional investor.” This Section 14.1 shall not be applicable to the leasing of individual dwelling units to income eligible households in accordance with the Authority Regulatory Agreement.

14.2 Release of Developer. Upon any such assignment made in compliance with Section 14.1 above which is evidenced by a written assignment and assumption agreement in a form approved by Authority’s counsel, the transferor shall be released from any liability under this Agreement arising from and after the effective date of such assignment.

15. ADMINISTRATION

Following approval of this Agreement by Authority, this Agreement shall be administered and executed on behalf of Authority by the Executive Director. The Executive Director shall have the authority to issue interpretations, waive terms and conditions, enter into subordination agreements with public funding sources where the public funding source’s regulations require such subordination, or with other funding sources if such subordination agreements do not result in the subordination of the Authority Regulatory Agreement, and enter into amendments of this Agreement (including, without limitation, to the Schedule of Performance) on behalf of Authority provided that such actions do not substantially change the uses or development permitted on the Property or materially add to the costs or obligations or impair the rights or remedies of Authority provided herein. . All other waivers or amendments shall require the formal consent of the Board of Directors of Authority.

16. MISCELLANEOUS

16.1 Counterparts. This Agreement may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

16.2 Prior Agreements; Amendments. This Agreement contains the entire agreement between Authority and Developer with respect to the Project and the Property, and all prior negotiations, understandings and agreements are superseded by this Agreement. No modification of this Agreement (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. Authority agrees to consider in good faith making reasonable modifications to this Agreement that are necessary to finance the development of the Project.

16.3 Severability of Provisions. No provision of this Agreement that is held to be unenforceable or invalid shall affect the remaining provisions if and to the extent that the primary purposes of this Agreement can still be accomplished without materially impairing the rights or increasing the obligations or risks of each party, as reasonably

determined by that party, and to that extent all provisions of this Agreement are hereby declared to be severable.

16.4 Interpretation. Both parties have participated in the drafting of this Agreement and any ambiguities in this Agreement shall not be construed for or against either party on account of the authorship or presumed authorship hereof. Article and section headings are included in this Agreement for convenience of reference only and shall not be used in construing this Agreement. Any defined term used in the plural in this Agreement shall refer to all members of the relevant class and any defined term used in the singular shall refer to any of the members of the relevant class. References herein to Articles, Sections, and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The terms “**including**” and “**include**” mean “**including (include) without limitation.**”

16.5 Accounting Principles. Any accounting term used and not specifically defined in this Agreement shall be construed, and all financial data required to be submitted under this Agreement shall be prepared, in conformity with generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to Authority.

16.6 Attachments Incorporated. All attachments to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

16.7 Time of the Essence. Time is of the essence of this Agreement.

16.8 Warranty Against Payment of Consideration. 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.

16.9 Non-liability of Authority Officials and Employees. No member, director, officer, employee, or volunteer of Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by Authority or for any amount which may become due to Developer or successor, or on any obligation under the terms of this Agreement.

16.10 Force Majeure. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God or other deities; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation beyond the reasonable control of a party; unusually severe weather; inability, despite commercially reasonable efforts, to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier beyond the reasonable control of a party; acts of the other party; acts or the failure to act of any public or governmental entity (except that acts or the failure to act of Authority shall not excuse performance by Authority); or any other

acts or causes beyond the reasonable control of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Force Majeure shall serve also to extend the time by which any condition, for the benefit of either party, shall be satisfied under this Agreement. Notwithstanding any provision of this Agreement to the contrary, in no event shall adverse market conditions, interest rates, the lack of funding or difficulty obtaining the financing necessary to complete the Project constitute grounds of enforced delay pursuant to this Section.

16.11 Nondiscrimination Covenants. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

Developer shall refrain from restricting the rental, sale or lease of the Property on any of the bases listed above in this Section 16.11. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The covenants established in this Section 16.11 shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority and its successors and assigns, and shall remain in effect in perpetuity.

16.12 Consents and Approvals. Unless otherwise expressly set forth in this Agreement, any consents or approvals to be given by a party under this Agreement shall not be unreasonably withheld, conditioned or delayed.

16.13 Third Party Beneficiary. The City is an intended third party beneficiary of this Agreement and shall have the right, but not the obligation, to enforce its terms including the rights and benefits that Authority has under this Agreement. Except as provided in this Section 16.13, no person or entity other than Authority, Developer, and the City, and the permitted successors and assigns of each of them, shall be authorized to enforce the provisions of this Agreement.

[End of Agreement – Signature page follows]

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

“Authority”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Frank J. Spevacek, Executive Director

ATTEST:

Susan Maysels, City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

William H. Ihrke, City Attorney

“Developer”

**COACHELLA VALLEY HOUSING
COALITION,**
a California nonprofit public benefit
corporation

By: _____
Its: _____

ATTACHMENTS

- 1 - Legal Description and Depiction of the Property
- 2 - Site Plan
- 3 - Schedule of Performance
- 4 - Scope of Development
- 5 - Form of Grant Deed
- 6 - Form of Warranty Bill of Sale
- 7 - Form of Assignment of Leases
- 8 - Form of Non-Foreign Affidavit
- 9 - Form of Assignment of Contracts, Permits, Intangible Personal Property, Warranties, and Guaranties (to Developer)
- 10 - Form of Assignment of Contracts, Permits, Intangible Personal Property, Warranties, and Guaranties (to Authority)
- 11 - Form of Notice to Tenants
- 12 - Lead-Based Paint Disclosure and Acknowledgement
- 13 - Form of Disbursement Request
- 14A - Form of Authority Note (Plans)
- 14B - Form of Authority Note (Property and Construction)
- 15A - Form of Authority Deed of Trust (Plans)
- 15B - Form of Authority Deed of Trust (Property and Construction)
- 16 - Project Budget
- 17 - Form of Authority Regulatory Agreement
- 18 - Form of Notice of Affordability
- 19 - Form of Release of Construction Covenants

ATTACHMENT NO. 1A

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel A: (Assessor's Parcel No: 609-040-007, 023)

Parcel 1 of that certain Certificate of Compliance No. COC 2008-026 in the City of La Quinta, County of Riverside, State of California, recorded October 31, 2008 as Instrument No. 2008-0582811 of Official Records, described as follows:

A portion of Parcel "A" of Lot Line Adjustment No. 5167, recorded October 15, 2007 as Instrument No. 2007-0636486, of Official Records County of Riverside, State of California, in the South half of the South half of the Northwest Quarter of Section 18, Township 5 South, Range 7 East, of the San Bernardino Base and Meridian, in the City of La Quinta, County of Riverside, State of California, being more particularly described as follows:

Commencing at the West one-quarter corner of Section 18, Township 5 South, Range 7 East of the San Bernardino Base and Meridian, County of Riverside, State of California, said point being on the centerline of Washington Street; thence North 89°39'27" East along the East – West one-quarter Section line of said Section 18, a distance of 40.00 feet to the Southwest corner of Parcel "A" of Lot Line Adjustment No. 5167, recorded October 15, 2007 as Instrument No. 2007-0636486 of Official Records County of Riverside State of California, and the Easterly line of said Washington Street, said point being 40.00 feet Easterly of the centerline of said Washington Street, as measured at right angles thereto; thence North 00°08'34" East along the Easterly line of said Washington Street and the Westerly line of Parcel "A" of said Lot Line Adjustment No. 5167, a distance of 133.75 feet to the true point of beginning;

Thence North 00°08'34" East continuing along the Easterly line of said Washington Street and the Westerly line of Parcel "A" of said Lot Line Adjustment No. 5167, a distance of 530.32 feet to the Northwest corner of Parcel "A" of said Lot Line Adjustment No. 5167, and the centerline of Hidden River Road;

Thence North 89°34'27" East along the centerline of said Hidden River Road and the Northerly line of Parcel "A" of said Lot Line Adjustment No. 5167, a distance of 435.29 feet;

Thence South 00°08'34" West along the Easterly line of Parcel "A" of said Lot Line Adjustment No. 5167, a distance of 400.32 feet to the Northerly line of Parcel "A" of said Lot Line Adjustment No. 5167 and the Southerly line of Parcel 2 of Parcel Map No. 12323, filed in Parcel Map Book 56, Pages 27 and 28, of Official Records County of Riverside, State of California;

Thence South 89°34'27" West, a distance of 105.27 feet;

Thence South 00°08'34" West, a distance of 130.01 feet;

Thence South 89°34'27" West, a distance of 330.03 feet to the point of beginning.

ATTACHMENT NO. 1B

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel B: (Assessor's Parcel No: 609-040-028)

Parcel 2 of that certain Certificate of Compliance No. COC 2008-026 in the City of La Quinta, County of Riverside, State of California, recorded October 31, 2008 as Instrument No. 2008-0582811 of Official Records, described as follows:

A portion of Parcel "A" of Lot Line Adjustment No. 5167, recorded October 15, 2007 as Instrument No. 2007-0636486 of Official Records County of Riverside, State of California, said point conveyed as Parcel B to the La Quinta Redevelopment Agency, a public body corporate and politic, by deed recorded October 15, 2007 as Instrument No. 2007-0636489 of Official Records, County of Riverside, State of California, in the South half of the South half of the Northwest Quarter of Section 18, Township 5 South, Range 7 East of the San Bernardino Meridian, in the City of La Quinta, County of Riverside, State of California, being more particularly described as follows:

Commencing at the West one-quarter corner of Section 18, Township 5 South, Range 7 East, of the San Bernardino Base and Meridian, County of Riverside, State of California, said point being on the centerline of Washington Street; thence North 89°39'27" East along the East – West one-quarter Section line of said Section 18, a distance of 40.00 feet to the Southwest corner of Parcel A of Lot Line Adjustment No. 5167, recorded October 15, 2007 as Instrument No. 2007-0636486, of Official Records County of Riverside, State of California, and the Easterly line of said Washington Street, said point being 40.00 feet Easterly of the centerline of said Washington Street, as measured at right angles thereto, being also the true point of beginning;

Thence North 00°08'34" East along the Easterly line of said Washington Street and the Westerly line of Parcel A of said Lot Line Adjustment No. 5167, a distance of 133.75 feet;

Thence North 89°34'27" East, a distance of 330.03 feet;

Thence North 00°08'34" East, a distance of 130.01 feet;

Thence North 89°34'27' East a distance of 105.27 feet to an angle point in the Northerly line of Parcel A of said Lot Line Adjustment No. 5167, said point being also on the Southerly line of Parcel 2 of Parcel Map No. 12323, filed in Parcel Map Book 56, Pages 27 and 28 of Official Records County of Riverside, State of California;

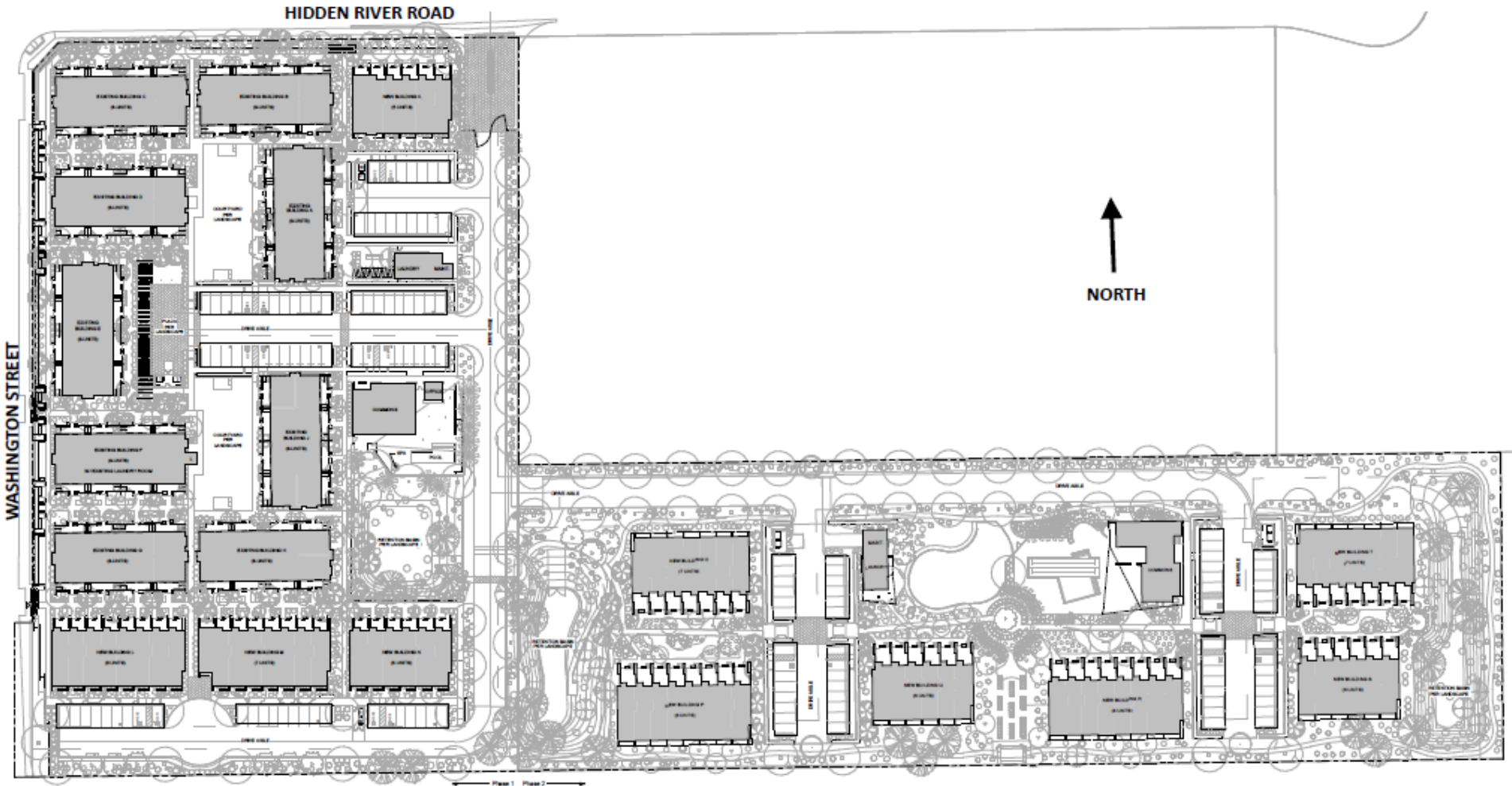
Thence North 89°34'27" East continuing along the Northerly line of Parcel A of said Lot Line Adjustment No. 5167 and the Southerly line of Parcels 2 and 3 of said Parcel Map No. 12323, a distance of 849.27 feet to the Northerly corner common to Parcels A and B of said Lot Line Adjustment No. 5167;

Thence South 00°20'33" East along the common line between Parcels A and B of said Lot Line Adjustment No. 5167, a distance of 265.62 feet to the Southerly corner common to Parcels A and B of said Lot Line Adjustment No. 5167 and the East – West one-quarter Section line of said Section 18;

Thence South 89°39'27" West along the East – West one-quarter Section line of said Section 18 and the Southerly line of Parcel A of said Lot Line Adjustment No. 5167, a distance of 1286.80 feet to the point of beginning.

ATTACHMENT NO. 2

SITE PLAN



ATTACHMENT NO. 3
SCHEDULE OF PERFORMANCE

<u>Task/Event</u>	<u>Time for Performance</u>
1. Developer submits application to TCAC for Tax Credits	By application deadline for first round following Effective Date.
2. Developer submits to Authority preliminary commitment for the Project Financing.	
3. Developer submits to Authority Evidence of Financing Commitments.	
4. Developer submits second application to TCAC for Tax Credits if Developer is unsuccessful in first round of applications.	By application deadline for second round following Effective Date.
5. Developer submits third application to TCAC for Tax Credits if Developer is unsuccessful in second round of applications	By application deadline for third round following Effective Date.
6. Developer and Authority open Escrow.	Within five (5) days after Developer obtains allocation of Tax Credits.
7. Developer causes the conditions set forth in Section 7.2 to be satisfied and the Close of Escrow occurs.	Upon satisfaction of the conditions set forth in Section 7.2, but not later than the Outside Closing Date.
8. Developer commences construction of Project.	Within 30 days after the Close of Escrow.
9. Developer submits to and obtains approval from Authority for Marketing Plan and Management Agreement in compliance with Section 7 of Authority Regulatory Agreement.	Not later than twelve (12) months after Close of Escrow, and prior to completion of construction of Project.
10. Developer completes construction of Project.	Within 24 months after commencement of construction.
11. Developer commences leasing the dwelling units	Within 15 days after completion of construction.

12. Developer completes leasing of all dwelling units.

Not later than three months after completion of construction.

It is expressly understood and agreed by the Parties that the foregoing schedule of performance is subject to all of the terms and conditions set forth in the text of the Agreement including, without limitation, extension due to Force Majeure. Times of performance under the Agreement may be extended by request of any Party memorialized by a mutual written agreement between the Parties, which agreement may be granted or denied in the non-requesting Party's sole and absolute discretion.

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

The Project, located on approximately 11.5 acres, will include the substantial rehabilitation of all existing units, the construction of 68 new units, the construction of 2 new community buildings, laundry facilities, a health center, and 2 swimming pools.

The construction of the improvements is wood frame with color stucco walls and flat roofs constructed on concrete slab foundations. Formal outdoor recreation areas include roughly 2 acres of parkway/green belt for recreation and social gatherings, a dog park, and two swimming pools. Ample space and free flowing paths provide opportunities for informal social interactions.

The Project will be constructed per the plans and specifications developed by Studio E Architects Inc. and consistent with the following Project entitlements, issued by the City of La Quinta: SDP 2015-003 and SDP 2016-0002.

ATTACHMENT NO. 5
FORM OF GRANT DEED

[See following document]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Coachella Valley Housing Coalition
45701 Monroe Street, Suite G
Indio, California, 92201

AND ALL TAX STATEMENTS TO:

SAME AS ABOVE

[SPACE ABOVE THIS LINE FOR RECORDER'S USE]
[EXEMPT FROM RECORDER'S FEE PURSUANT TO GOVERNMENT CODE SECTION 27383]

DOCUMENTARY TRANSFER TAX \$ _____
Computed on the consideration of the full value of property conveyed.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic ("**Grantor**"), hereby grants to _____, a California limited partnership ("**Grantee**"), the real property located in the City of La Quinta, County of Riverside, State of California, described on Exhibit 1 attached hereto and made a part hereof (the "**Property**"), with all improvements thereon, subject to all matters of record and subject to the following:

Grantee, on behalf of itself and its successors and assigns to all or any portion of the Property, covenants and agrees as follows:

1. Nondiscrimination Covenants. That there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Grantee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

2. Nondiscrimination Clauses in Agreements. Grantee agrees for itself and any successor in interest that Grantee shall refrain from restricting the rental, sale, or lease of any portion of the Property, or contracts relating to the Property, on the basis of

race, color, creed, religion, sex, marital status, ancestry, or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

i. In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

ii. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 in the premises herein leased.”

iii. In contracts relating to the sale, transfer, or leasing of the land or any interest therein: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The foregoing nondiscrimination covenants shall remain in effect in perpetuity.

[Signatures on next page]

GRANTOR:

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

Date: _____

By: _____
Frank J. Spevacek, Executive Director

ATTEST:

By: _____
Susan Maysels, City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

William H. Ihrke, City Attorney

GRANTEE:

_____,
a California limited partnership

By: _____
Its: _____

Date: _____

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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

Exhibit 1 to Grant Deed

Legal Description

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

ATTACHMENT NO. 6
FORM OF WARRANTY BILL OF SALE

[See following document]

WARRANTY BILL OF SALE

For good and valuable consideration, the receipt of which is hereby acknowledged, LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic (“**Seller**”), does hereby sell, transfer and convey to _____, a California limited partnership (“**Buyer**”), all personal property of Seller described in Schedule No. 2 attached hereto which is located on and used in the operation, repair and maintenance of the real property described in Schedule No. 1 attached hereto, which personal property Seller warrants to be free and clear of all encumbrances.

Seller does hereby covenant with Buyer that Seller is the lawful owner of such personal property, free and clear of all liens, encumbrances, security agreements and financing statements, that such personal property is owned and not leased by Seller and that Seller has good right to sell the same as aforesaid and will warrant and defend the title thereto unto Buyer, its successors and assigns, against the claims and demands of all persons.

Dated this _____ day of _____, 20__

“SELLER”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Frank J. Spevacek, Executive
Director

SCHEDULE NO. 1

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF LA QUINTA, AND DESCRIBED AS FOLLOWS:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

SCHEDULE NO. 2

LIST OF PERSONAL PROPERTY

Individual Apartments (72 Tenants + Manager)

72 - 40 gallon water heaters
1 - 83 gallon water heater
73 Refrigerators
73 air conditioning units
73 gas stoves
1 GE washer (mgr)
1 GE dryer (mgr)
On-Site Office
1 office desk
1 - 4 drawer filing cabinet
1 - 2 drawer filing cabinet
1 Cannon copier
1 HP Laserjet 1200 printer
1 Brother fax machine
1 Dell Computer + monitor/keyboard
2 office guest chairs
1 office chair w/wheels
1 shredder
1 Cannon calculator
1 AT&T answering machine
1 V-tech phone
Miscellaneous office supplies

Common Area/Grounds

2 outdoor benches
3 plastic chairs
4 picnic tables
2 cigarette ash cans

Recreation Room

1 air conditioning unit
1 Refrigerator
4 round tables
16 club chairs
1 computer desk
1 E-machine computer + monitor/keyboard
2 office guest chairs
1 RCA flat screen T.V.
1 large wooden clock
2 easy chairs
2 sofas
1 stereo

6 conference room chairs
2 coffee tables
1 microwave
1 coffee maker
1 supply cabinet

Workshop/Garage Storage

1 swamp cooler
1 portable swamp cooler
1 portable air conditioning unit
1 Hampton Bay window A/C unit
1 Porter 25 gallon air compressor with hose (135 PSI)
3 Rainbird sprinkler controls
1 Refrigerator (used for parts)
Miscellaneous tools & maintenance inventory

2 air conditioning units in stock for emergency installation use

ATTACHMENT NO. 7
FORM OF ASSIGNMENT OF LEASES

[See following document]

ASSIGNMENT OF TENANT LEASES

This ASSIGNMENT OF TENANT LEASES (“**Assignment**”) is made as of _____, 20___, by and between LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic (“**Assignor**”), and _____, a California limited partner (“**Assignee**”).

R E C I T A L S:

A. Concurrently with the delivery of this Assignment, Assignor has conveyed to Assignee and Assignee has acquired from Assignor a fee simple estate in and to certain real property located in the County of Riverside, State of California, more particularly described in Appendix No. 1 attached hereto (the “**Real Property**”) pursuant to that certain Affordable Housing and Property Disposition Agreement dated _____, 2017 (the “**AHPDA**”).

B. Pursuant to the AHPDA, Assignor is to assign to Assignee and Assignee is to assume certain rights and obligations under those certain leases affecting the Property as amended or modified (collectively, the “**Tenant Leases**”), which Tenant Leases are more particularly described in Appendix No. 2 attached hereto and incorporated herein by this reference.

NOW, THEREFORE, Assignor and Assignee agree as follows:

ARTICLE I

ASSIGNMENT OF TENANT LEASES

1.1 Assignment. Assignor hereby assigns to Assignee all of Assignor’s right, title and interest in and to all Tenant Leases affecting the Property as of the Effective Date, including, but not limited to, all security and other deposits and prepaid rents paid thereunder (hereafter defined).

1.2 Assumption. Assignee hereby accepts the foregoing assignment, assumes the Tenant Leases and agrees to timely keep, perform and discharge all of the obligations of the lessor under the Tenant Leases that accrue from and after the Effective Date hereof.

1.3 Indemnification. Assignor shall indemnify, protect, defend and hold Assignee harmless from all losses, damages, claims, liabilities, demands, costs, offset rights and expenses, including, without limitation, attorneys’ fees arising out of any failure of Assignor to keep, perform and discharge all of the obligations of landlord under the Tenant Leases prior to the Effective Date. Assignee shall indemnify, protect, defend and hold Assignor harmless from all losses, demands, damages, claims, liabilities, demands, costs, expenses and offset rights, including, without limitation, attorneys’ fees arising out of any failure of Assignee to so keep, perform and discharge

all of the obligations of the lessor under the Tenant Leases that accrue from and after the Effective Date.

1.4 Effective Date. The “**Effective Date**” of this Assignment shall be the date that Assignee acquires the Real Property.

1.5 Consistency with AHPDA. Nothing in this Assignment shall be construed to modify or limit any provisions of the AHPDA and in the event of any inconsistency between this Assignment and the AHPDA, the AHPDA shall control.

ARTICLE II

MISCELLANEOUS

2.1 Attorneys’ Fees. In the event of any action between Assignor and Assignee seeking enforcement of any of the terms and conditions to this Assignment, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys’ fees, court costs and expert witness fees. Such costs shall include attorneys’ fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

2.2 Inurement. This Assignment shall inure to the benefit of Assignor and Assignee, and their respective heirs, assigns and successors in interest.

2.3 Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

2.4 Governing Law. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California without regard to conflicts of law.

[end – signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the day and year first above written to be effective as of the Effective Date defined in Paragraph 1.4 hereof.

“ASSIGNOR”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Frank J. Spevacek, Executive
Director

“ASSIGNEE”

_____,
a California limited partnership

By: _____
Its: _____

ATTEST:

Authority Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

By: _____
Authority Counsel

APPENDIX NO. 1

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF LA QUINTA, AND DESCRIBED AS FOLLOWS:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

APPENDIX NO. 2

SCHEDULE OF TENANT LEASES

Seller shall prepare a list of the Tenant Leases affecting the Real Property including any amendments or modifications thereto and all security and other deposits and prepaid rents thereunder. Such list shall be inserted as Appendix No. 2 to the Assignment prior to its execution.

ATTACHMENT NO. 8
FORM OF NON-FOREIGN AFFIDAVIT

[See following document]

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that the transferee of an interest in real property located in the United States must withhold tax if the transferor is a foreign person. To inform Buyer, _____, a California limited partnership ("**Transferee**"), that withholding of tax is not required upon the sale by LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic ("**Transferor**"), of its fee simple interest in that certain real property sold pursuant to the Affordable Housing and Property Disposition Agreement dated _____, 2017, which real property is described in Attachment No. 1, attached hereto and made a part hereof, the undersigned hereby certifies the following:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and the income tax regulations promulgated thereunder);
2. The Transferor's United States Taxpayer Identification Number is _____;
3. The Transferor's office address is 78 -495 Calle Tampico, La Quinta, California 92253; and
4. The Internal Revenue Service has not issued any notice with respect to Transferor or listed Transferor as a person whose affidavit may not be relied upon for purposes of Section 1445 of the Internal Revenue Code.

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

[continued on next page]

Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I am the Executive Director of the La Quinta Housing Authority and that I have authority to sign this document on behalf of the Transferor.

“TRANSFEROR”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

Date: _____

By: _____
Frank J. Spevacek, Executive Director

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF LA QUINTA, AND DESCRIBED AS FOLLOWS:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

ATTACHMENT NO. 9

**FORM OF ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE PERSONAL
PROPERTY, WARRANTIES, AND GUARANTIES**

[See following document]

ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE
PERSONAL PROPERTY, WARRANTIES AND GUARANTIES

This ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE PERSONAL PROPERTY, WARRANTIES AND GUARANTIES (“**Assignment**”) is made and entered into this ____ day of _____, 20__, by and between LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic (“**Assignor**”), and _____, a California limited partnership (“**Assignee**”).

R E C I T A L S:

This Assignment is made with reference to the following facts and intentions of the parties:

A. Concurrently with the delivery of this Assignment, Assignor has conveyed to Assignee and Assignee has acquired from Assignor a fee simple estate in and to certain real property located in the County of Riverside, State of California, more particularly described in Schedule No. 1 attached hereto (the “**Real Property**”) pursuant to that certain Affordable Housing and Property Disposition Agreement dated _____, 2017 (the “**AHPDA**”).

B. Assignor, in connection with the orderly operation of the Real Property, has entered into certain labor service, supply maintenance, landscape, property management, leasing, insurance and other contracts, copies of which have been given to and approved by Assignee (the “**Assignor Operating Contracts**”). Assignor, in connection with the preparation of engineering and architectural plans and drawings, has entered into certain design and engineering contracts, copies of which have been given to and approved by Assignee (the “**Assignor Design and Engineering Contracts**”) In accordance with the terms and conditions of the AHPDA, Assignor has agreed to assign to Assignee and Assignee has agreed to accept the assignment of all Assignor Design and Engineering Contracts, and all Assignor Operating Contracts which Assignee elects to assume. A schedule of all such contracts are attached hereto as Schedule No. 2 (collectively, “**Contracts**”).

C. Assignor is the owner of or holder of certain permits, licenses, plans and specifications and certificates of occupancy relating to the Real Property (collectively, “**Permits**”) including but not limited to those permits, licenses, plans and specifications and certificates of occupancy set forth in the schedule attached hereto as Schedule No. 3.

D. Assignor is the owner and possessor of certain trade names, logos, signs, trademarks, styles, telephone listings and numbers, manuals, lists of prospective tenants, advertising materials, all plans and specifications, specifications relating to the improvements and fixtures located on the Real Property, including all working drawings and “as-built” drawings and all reports and studies relating to the Property (as defined in the AHPDA) and similar items included within, related to or otherwise pertaining to the Property (collectively, “**Intangible Personal Property**”), including but not limited to the

Intangible Personal Property set forth in the schedule attached hereto as Schedule No. 4.

E. Assignor is the owner or holder of certain warranties and guaranties now in effect with respect to the Property (collectively, "**Warranties and Guaranties**"), including, but not limited to, the warranties and guaranties listed in the schedule set forth in Schedule No. 5 attached hereto.

F. Pursuant to the terms of the APHDA, Assignor has agreed to assign to Assignee all of its right, title and interest in and to the Contracts, Permits, Intangible Personal Property and Warranties and Guaranties.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties agree as follows:

ARTICLE I

ASSIGNMENT OF CONTRACTS, PERMITS, INTANGIBLE PERSONAL PROPERTY, WARRANTIES AND GUARANTIES

1.1 Assignment of Contracts. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in and to all of the Contracts set forth in Schedule No. 2, and Assignee accepts and agrees to assume the obligations of Assignor under the Contracts occurring after the Effective Date (as hereinafter defined).

1.2 Assignment of Permits, Intangible Personal Property, Warranties and Guaranties. As of the Effective Date, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to all Permits, Intangible Personal Property and Warranties and Guaranties relating to the Real Property, including, without limitation, those Permits, Intangible Personal Property and Warranties and Guaranties described in Schedule Nos. 3, 4, and 5, respectively. As of the Effective Date, Assignee hereby accepts the foregoing assignment of any and all Permits, Intangible Personal Property and Warranties and Guaranties now in effect with respect to the Property.

1.3 No Liability; Indemnification. This Assignment and its acceptance by Assignee shall not impose any liability on Assignee for any default by Assignor under the Contracts, Permits, Intangible Personal Property, and Warranties and Guaranties occurring prior to the Effective Date. Assignor shall indemnify, protect, defend and hold Assignee harmless from any and all losses, demands, damages, claims, liabilities, costs and expenses, including, but not limited to, attorneys' fees arising out of or in connection with any default by Assignor under the Contracts, Permits, Intangible Personal Property, and Warranties and Guarantees occurring prior to the Effective Date. Assignee shall indemnify, protect, defend and hold Assignor harmless from any and all losses, damages, claims, liabilities, costs and expenses including, without limitation, attorneys' fees, arising out of or in connection with any default by Assignee under the Contracts, Permits, Intangible Personal Property, and Warranties and Guarantees that occurs after the Effective Date.

1.4 Effective Date. The “**Effective Date**” of this Assignment shall be the date that Assignee acquires fee simple interest in and to the Real Property described in Schedule No. 1 attached hereto pursuant to the AHPDA.

1.5 Consistency with AHPDA. Nothing in this Assignment shall be construed to modify or limit any provisions in the AHPDA and in the event of any inconsistency between this Assignment and the AHPDA, the latter shall govern and control.

ARTICLE II

MISCELLANEOUS

2.1 Attorneys’ Fees. In the event of any action between Assignor and Assignee seeking enforcement of any of the terms and conditions to this Assignment, the prevailing party in such action, whether by fixed judgment or settlement, shall be entitled to recover, in addition to damages, injunctive or other relief, its actual costs and expenses, including, but not limited to, actual attorneys’ fees, court costs and expert witness fees. Such costs shall include attorneys’ fees, costs and expenses incurred in (a) post-judgment motions, (b) contempt proceedings, (c) garnishment, levy and debtor and third-party examination, (d) discovery, and (e) bankruptcy litigation.

2.2 Inurement. This Assignment shall inure to the benefit of Assignor and Assignee, and their respective heirs, assigns and successors in interest.

2.3 Counterparts. This Assignment may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

2.4 Governing Law. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California without regard to conflicts of law.

[end – signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written to be effective as of the Effective Date.

“ASSIGNOR”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Frank J. Spevacek, Executive
Director

“ASSIGNEE”

_____,
a California limited partnership

By: _____
Its: _____

ATTEST:

Authority Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

By: _____
Authority Counsel

SCHEDULE NO. 1

LEGAL DESCRIPTION OF REAL PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF LA QUINTA, AND DESCRIBED AS FOLLOWS:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

SCHEDULE NO. 2

SCHEDULE OF CONTRACTS ASSIGNED

Prior to execution of this document, Assignor shall provide a list of all Contracts and, from that list, Assignee shall prepare and insert a schedule of all of the Contracts it elects to assume pursuant to this Assignment prior to execution of this Assignment.

1. [PSA with STUDIO E ARCHITECTS]
2. [PSA with ALTUM GROUP, INC.]
3. [PSA with RGA LANDSCAPES ARCHITECTS, INC.]

SCHEDULE NO. 3

SCHEDULE OF PERMITS, LICENSES AND CERTIFICATES OF OCCUPANCY

A list of any and all permits, licenses and certificates of occupancy in Assignor's possession issued or obtained for the Property, or any part thereof, shall be prepared by Assignor and approved by Assignee and inserted herein prior to the execution of this Assignment.

SCHEDULE NO. 4

SCHEDULE OF INTANGIBLE PERSONAL PROPERTY

A list of any and all Intangible Personal Property included within the Property shall be prepared by Assignor and approved by Assignee and inserted herein prior to execution of this Assignment.

SCHEDULE NO. 5

SCHEDULE OF WARRANTIES AND GUARANTIES

Prior to execution of the Assignment, Assignor shall prepare a list to be approved by Assignee of any and all warranties and guaranties then in effect with respect to the Property conveyed to Assignee.

ATTACHMENT NO. 10
FORM OF ASSIGNMENT OF CONSTRUCTION CONTRACT

[See following document]

ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS

FOR VALUE RECEIVED, the undersigned, _____ PARTNERS, L.P., a California limited partnership (“**Developer**”), assigns to LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, “**Architectural Agreements**”), and

2. All plans and specifications, blueprints, sketches, shop drawings, working drawings, landscape plans, utilities plans, soils reports, noise studies, environmental assessment reports, and grading plans, and all amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively, “**Plans and Specifications**”), heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively, “**Architect**”), for or on behalf of Developer in connection with the Real Property described on Exhibit “A” attached hereto. The Plans and Specifications, as of the date hereof, are those which Developer have heretofore, or will hereafter deliver to Authority. The Architectural Agreements include, but are not limited to, the architectural agreement or contract between _____ and _____, dated _____.

This ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS (“**Assignment**”) constitutes a present, absolute and unconditional assignment to Authority.

Developer acknowledges that by accepting this Assignment, Authority does not assume any of Developer’s obligations under the Architectural Agreements with respect to the Plans and Specifications.

Developer represents and warrants to Authority that: (a) no default by Developer, or event which would constitute a default by Developer after notice or the passage of time, or both, exists with respect to said Architectural Agreements, and (b) all copies of the Architectural Agreements and Plans and Specifications delivered to Authority are complete and correct. Developer has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications. Notwithstanding the foregoing, this Assignment shall be subordinated to any assignment required to be made by Developer to the “Construction Lender” (as that term is defined in that certain Affordable Housing and Property Disposition Agreement entered into by and between Authority and Developer on or about _____, 2017 (the “**AHPDA**”)) at the close of the “Escrow” (as that term is defined in the AHPDA).

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and

Developer consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Developer and Authority.

The attached Architect's/Engineer's Consent and Exhibit "A" are incorporated by reference.

Executed by _____ on _____, 2017.

"Developer"

Date: _____, 2017

_____ **PARTNERS,**
L.P., a California limited partnership

By: _____
a _____
Its: General Partner

"Authority"

LA QUINTA HOUSING AUTHORITY, a
public body, corporate and politic

Date: _____, 2017

By: _____
Executive Director

ATTEST:

Authority Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

Authority Counsel

ARCHITECT'S/ENGINEER'S CONSENT

The undersigned architect and/or engineer (collectively referred to as "Architect") hereby consents to the foregoing Assignment to which this Architect's/Engineer's Consent ("Consent") is a part, and acknowledges that there presently exists no unpaid claims due to the Architect/Engineer arising out of the preparation and delivery of the Plans and Specifications to _____ and/or the performance of the Architect's obligations under the Architectural Agreements described in the Assignment.

Architect agrees that, by virtue of the foregoing Assignment, Authority has succeeded to all of _____'s right, title and interest in, to and under the Architectural Agreements and the Plans and Specifications and, therefore, so long as the Architect continues to receive the compensation called for under the Architectural Agreements, Authority and its successors and assigns may, at their option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect will continue to perform its obligations under the Architectural Agreements for the benefit and account of Authority and its successors and assigns in the same manner as if performed for the benefit or account of _____ in the absence of the Assignment.

Architect warrants and presents that it/he has no knowledge of any prior assignment(s) of any interest in either the Plans and Specifications and/or the Architectural Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Executed on _____, 2017.

"Architect"

_____,
a _____

By: _____

Name: _____

Its: _____

Architect's Address:

Phone No.: (_____) _____

Fax No.: (_____) _____

EXHIBIT "A"
PROPERTY DESCRIPTION

ATTACHMENT NO. 11
FORM OF NOTICE TO TENANTS

[See following document]

NOTICE TO TENANTS

TO: All Tenants of WASHINGTON STREET APARTMENTS (“**Apartments**”)

Please be advised that the Apartments has, on the date hereof, been sold by the undersigned Seller to _____.

All rent payments will continue to be made to the on-site manager, and will continue to be made payable to “Washington Street Apartments.”

Your security deposit in the amount of \$_____ has been assigned to the new owner who will be responsible for complying with the provisions of the California Civil Code with respect to return of the deposit.

If you have any questions, notify: _____

Dated: _____, 20__

“SELLER”

LA QUINTA HOUSING AUTHORITY, a
public body, corporate and politic

Date: _____

By: _____
Frank J. Spevacek, Executive Director

ATTACHMENT NO. 12

FORM OF LEAD-BASED PAINT DISCLOSURE AND ACKNOWLEDGEMENT

[See following document]

LEAD-BASED PAINT DISCLOSURE AND ACKNOWLEDGMENT

LEAD WARNING STATEMENT:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint, paint chips and dust that may place young children at risk of developing lead poisoning. Lead can pose health hazards if not taken care of properly. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in pre-1978 residential real property, prior to the sale, is required to: (a) provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession; (b) notify the buyer of any known lead-based paint hazards; and (c) give the buyer a Federally approved pamphlet on lead poisoning prevention. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

SELLER'S DISCLOSURE

- (A) Presence of lead-based paint and lead-based paint hazards (check one below):
 - Known lead-based paint and/or lead-based paint hazards are present in the housing. (Explanation: _____

_____)
 - Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (B) Records and reports available to the seller (check one below):
 - Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazardous in the housing. (List documents:) _____

 - Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

CERTIFICATION OF ACCURACY

The undersigned has reviewed the information above and certifies, to the best of its knowledge, that the information provided by the signatory is true and accurate.

“SELLER”

LA QUINTA HOUSING AUTHORITY, a
public body, corporate and politic

Date: _____

By: _____
Frank J. Spevacek, Executive Director

ATTACHMENT NO. 13
FORM OF DISBURSEMENT REQUEST FORM

[See following document]

DISBURSEMENT REQUEST FORM

Property Address: _____, La Quinta, California

Disbursement No. _____

The undersigned, on behalf of _____, L.P., a California limited partnership ("**Developer**"), hereby requests a disbursement in the amount, and on the date, set forth below, pursuant to that certain Affordable Housing and Property Disposition Agreement (the "**Agreement**") dated as of _____, 201_, between LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation ("**CVHC**"), and assigned by CVHC to Developer. Capitalized terms used and not otherwise defined herein shall have the meanings set forth for them in the Agreement.

REQUEST AMOUNT: _____

REQUEST DATE: _____

Developer hereby represents and warrants to Authority that:

1. The requested disbursement shall be applied to pay costs in accordance with the itemized Payment Request attached hereto.
2. All costs shown in all prior Disbursement Requests (and Payment Requests) have been paid in full, Developer has received valid lien releases or waivers from all contractors, subcontractors and materialmen with respect to all payments made for work and materials if the work or materials could give rise to a mechanic's or a materialmen's lien against the Property, and Developer has no knowledge of any mechanic's lien claims against the Property.
3. The work is being performed in substantial conformance with the Scope of Development, and all applicable governmental requirements, and the work has progressed to the point indicated on the attached Payment Request.
4. The attached Payment Request is an accurate and complete statement of all amounts previously paid or now due and all amounts expected to be incurred in connection with the completion of the work.
5. All representations and warranties in the Agreement and the other Project Documents are true and correct in all material respects as of the date of this request as if made on and as of the date of this request. No Event of Default by Developer remains uncured, and no event has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer.

DATE: _____

Designated Representative

Contractor hereby certifies that Paragraphs 2 (with respect to costs covered by Contractor's Contract), 3 (with respect to work covered by Contractor's Contract), 4 (with respect to costs and work covered by Contractor's Contract) and 5, above, are true to the best of Contractor's knowledge.

Contractor

PAYMENT APPROVED:

Authority Inspector

Authority Officer

APPROVED CHANGE ORDERS:

<u>Order No.</u>	<u>Work Item</u>	<u>Amount</u>	<u>Approved Date</u>
------------------	------------------	---------------	----------------------

ATTACHMENT NO. 14A
FORM OF AUTHORITY NOTE (PLANS)

[See following document]

**AUTHORITY PROMISSORY NOTE
(PLANS)**

\$2,366,722

_____, 20__

La Quinta, California

FOR VALUE RECEIVED, _____, **L.P.**, a California limited partnership ("**Borrower**"), as maker and obligor, promises to pay to the **LA QUINTA HOUSING AUTHORITY**, a public body, corporate and politic ("**Authority**"), as holder and beneficiary, or order, at Authority's office 78-495 Calle Tampico, La Quinta, California 92253, or such other place as Authority may designate in writing, the sum of (a) Two Million Three Hundred Sixty-Six Thousand Seven Hundred Twenty-Two Dollars (\$2,366,722), or so much thereof as may be disbursed hereunder ("**Note Amount**"), and (b) all costs and expenses payable hereunder, in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Authority Promissory Note ("**Note**") is given in accordance with that certain Affordable Housing and Property Disposition Agreement executed by Authority and Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("**CVHC**"), as "Developer", and thereafter assigned by CVHC to Borrower, dated as of _____, 2017 ("**Agreement**"). The rights and obligations of Borrower and Authority under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Agreement. An Event of Default by Developer under any of the provisions of the Agreement, and/or a default under any and all attachments and all breakout documents executed, attested and/or recorded in implementation of the Agreement, including, without limitation, the Authority Deed of Trust or Authority Regulatory Agreement, or the income and/or rent restrictions as set forth in the Tax Credit Regulatory Agreement (collectively, the "**Transaction Documents**") shall, after the expiration of any cure period under the respective agreement or document, be a default under this Note (a "**Default**"), and a default under this Note, after notice and expiration of a ten (10) day cure period, shall be an Event of Default under the Agreement and a default under the Transaction Documents.

2. Interest. The Note Amount shall bear simple interest at three percent (3%) per annum.

3. Repayment of Note Amount. The Note Amount shall be paid by the Borrower's annual payment to Authority of an amount equal to fifty percent (50%) of the Residual Receipts from operation of the Project, as determined by a Residual Receipts calculation from the operation of the Project the preceding calendar year; provided, however, that if there are other "soft" loans to the Project that require repayment out of

the Residual Receipts from the operation of the Project (any such loans, a “**Soft Loan**”), then the amount payable to Authority shall be a proportional amount of fifty percent (50%) of said Residual Receipts, which proportional amount shall be equal to the percentage the principal amount of the Note Amount bears to the total collective principal amount of the Note Amount and the principal amount of all other Soft Loans.

Annual Residual Receipts payments shall be made by the Borrower by cashier’s check and shall be delivered on or before May 1 for each year during the term of this Note commencing in the first fiscal year following the Conversion Date until the Note Amount and all unpaid interest thereon has been repaid in full. Additionally, the Note Amount shall be paid by any or all of the following: (i) one hundred percent (100%) of the Refinancing Net Proceeds immediately upon any refinancing of the loans secured by the Property (or any part thereof), (ii) one hundred percent (100%) of the Transfer Net Proceeds immediately upon any transfer in whole or in part of the Project, and (iii) any Cost Savings, pursuant to Section 6.9 of the Agreement.

Notwithstanding anything in this Note to the contrary, repayment of this Note shall not commence until such time as the outstanding balance owed on that certain Authority Promissory Note in the amount of Fifteen Million Fifty-Eight Thousand Two Hundred Eighty-Eight Dollars (\$15,058,288), executed by Borrower concurrently herewith, has been fully repaid according to its terms.

As used herein, “**Affiliate**” means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively thereof. The term “**control**” as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

As used herein, “**Annual Financial Statement**” shall mean each certified financial statement of Borrower for the Project using generally accepted accounting principles (“**GAAP**”), as separately accounted for this Project, including Operating Expenses and Annual Project Revenue, prepared annually at Borrower’s expense, by an independent certified public accountant reasonably acceptable to Authority.

As used herein, “**Annual Project Revenue**” means all gross income and all revenues of any kind from the Project in a calendar year, of whatever form or nature, whether direct or indirect, with the exception of the items excluded below, actually received by or paid to or for the account or benefit of Borrower or any Affiliate of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a

consistent basis, and shall include, but not be limited to: (i) gross rentals paid by tenants of the Project under leases, and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the U.S. Department of Housing and Urban Development or any other person or organization, received on behalf of tenants under their leases, (ii) amounts paid by residents of the Project to Borrower or any Affiliate of Borrower on account of Operating Expenses for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources, (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project, (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of leases, and (vii) interest and other investment earnings on security deposits, reserve accounts and other Project accounts to the extent disbursed for other than the purpose of the reserve. Notwithstanding the foregoing, gross income shall not include the following items: (a) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (b) capital contributions to Borrower by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; (d) funds received from any source actually and directly used for initial development of the Project; (e) receipt by an Affiliate of management fees or other bona fide arms-length payments for reasonable and necessary Operating Expenses associated with the Project; (f) Transfer Net Proceeds; or (g) Refinancing Net Proceeds.

As used herein “**Capital Replacement Reserve**” shall have the meaning ascribed thereto in the Authority Regulatory Agreement.

As used herein, “**CPI Adjustment**” means the increase in the cost of living index, as measured by the Consumer Price Index for all urban consumers, Los Angeles-Riverside-Orange statistical area, all items (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (“**CPI**”) in effect as of the date on which the Certificate of Occupancy is issued for the Project to the CPI in effect as of the date on which an adjustment is made. If such index is discontinued or revised, such other index with which such index is replaced (or if not replaced, another index which reasonably reflects and monitors consumer prices) shall be used in order to obtain substantially the same results as would have been obtained if the discontinued index had not been discontinued or revised. If the CPI is changed so that the base year is other than 1982-84, the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

As used herein, “**Debt Service**” shall mean payments made in a calendar year pursuant to the approved Construction Loan or the Take-Out Loan, as applicable, obtained for the construction/development, and ownership of the Project, as set forth in the Project Budget, or any permitted refinancing or modification thereof, but excluding payments made pursuant to this Note.

As used herein, “**Deferred Developer Fee**” shall mean the portion of the Borrower’s development fee, if any, that is payable out of the Annual Project Revenue and not from capital sources, as set forth in the Project Budget. Disbursement of the Deferred Developer Fee (all or any part thereof) shall be subject to the provisions of the next paragraph.

In connection with Borrower’s eligibility to disburse all or any part of the Deferred Developer Fee, in the event the cost of completing the Project exceeds the amount set forth in the final Budget; then, to the extent necessary, the funds otherwise available to pay the developer fee from capital sources shall be expended and used to pay the remaining costs of completing the Project to the extent necessary to ensure the completion of the Project and the balance of the developer fee shall be paid as Deferred Developer Fee in accordance with the priority set forth in the Partnership Agreement, and/or payable from the proceeds of any approved refinancing or transfer of the Property and/or the Project. In no event shall Borrower be eligible for disbursement of the Deferred Developer Fee or any part thereof prior to completion of the Project, as approved by the Executive Director as evidenced by the issuance by Authority of the Release of Construction Covenants.

As used herein, “**Operating Expenses**” shall mean actual, reasonable and customary (for comparable high quality rental Projects in Riverside County) costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Project in a calendar year, which are in accordance with the annual Operating Budget approved by Authority pursuant to Section 9 of Authority Regulatory Agreement, including, without limitation, painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, asset management fees paid to the Investor in the amount of _____ Dollars (\$____), which shall be increased annually by _____ percent (___%) per year, partnership management fees paid to the general partner of Borrower in the amount of _____ Dollars (\$____), which shall be increased annually by _____ percent (___%) per year, and other actual, reasonable and customary operating costs which are directly incurred and paid by Borrower, but which are not paid from or eligible to be paid from the Operating Reserve or any other reserve accounts. In addition, Operating Expenses shall include a social services fee in the amount of _____ Dollars (\$____) for calendar year 20__, which shall be increased annually by _____ percent (___%) per year, provided Borrower provides the social services described in (a) the Tenant Services Agreement that was included in Borrower’s tax credit application, and (b) the Scope of Development. Operating Expenses shall not include any of the following: (i) salaries of employees of Borrower or Borrower’s general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms’ length transaction between unrelated parties in the Riverside County area for the

same work or services; (ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses; (iii) optional or elective payments with respect to the Construction Loan; (iv) any payments with respect to any Project-related loan or financing that has not been approved by Authority; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development of the Project, or any portion thereof, including, without limitation, all predevelopment and preconstruction activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on site or off site work in connection therewith; or (vi) depreciation, amortization, and accrued principal and interest expense on deferred payment debt.

As used herein, “**Operating Reserve**” shall have the meaning ascribed thereto in the Authority Regulatory Agreement.

As used herein, “**Partnership Agreement**” means the agreement which sets forth the terms of the Borrower’s limited partnership, as such agreement may be amended from time to time.

As used herein, “**Refinancing Net Proceeds**” means the proceeds of any approved refinancing of the Construction Loan or other approved financing secured by the Property, net of the following actual costs and fees incurred: (i) the amount of the financing which is satisfied out of such proceeds, (ii) reasonable and customary costs and expenses incurred in connection with the refinancing, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of authorized loans to the Project made by the limited partners of Borrower, including interest at the rate set forth in the Partnership Agreement for such loans, (v) the balance, if any, of authorized operating loans or development loans made by the general partners of a limited partnership that succeeds to Borrower’s interest in the Agreement and the Project, including interest at the rate set forth in the Partnership Agreement for such loans, (vi) the return of capital contributions, if any, to the Project made by the general partners of a limited partnership that succeeds to Borrower’s interest in the Agreement and the Project that were used to pay the Deferred Developer Fee, and (vii) the amount of proceeds required to be reserved for the repair, rehabilitation, reconstruction or refurbishment of the Project.

As used herein, “**Reserve Deposits**” shall mean any payments to the Capital Replacement Reserve account and payments to the Operating Reserve account pursuant to Sections 10 and 11, respectively, of Authority Regulatory Agreement or such higher amounts as may be otherwise required by (i) any lender of a Project-related loan that has been approved by Authority, or (ii) the Investor, pursuant to the terms of the Partnership Agreement.

As used herein, “**Residual Receipts**” shall mean Annual Project Revenue less the sum of:

- (i) Operating Expenses;
- (ii) Debt Service;
- (iii) Reserve Deposits to the Capital Replacement Reserve;
- (iv) Reserve Deposits to the Operating Reserve;
- (v) Deferred Developer Fees;
- (vi) Unpaid Tax Credit adjustment amounts, if any, pursuant to the Partnership Agreement;

(viii) Repayment of loans to the Project, if any, made by the limited partner(s) of Borrower pursuant to the Partnership Agreement, including interest at the rate set forth in the Partnership Agreement, for eligible development and/or operating expense deficits or other eligible loans (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans);

(ix) Repayment to the administrative and/or managing general partners of Borrower for loans to the Project for development advance(s) pursuant to the Partnership Agreement, operating deficit advance(s) pursuant to the Partnership Agreement), credit adjuster payment(s) pursuant to the Partnership Agreement), and/or development fee advance(s) pursuant to the Partnership Agreement, and with all such loans to be repaid without interest (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans);

(x) Repayment to the administrative and/or managing general partners of Borrower of certain loans made to the Project after the expiration or earlier termination of the Partnership Agreement to cover shortfalls in funding for Operating Expenses in excess of the Operating Expenses included in the approved annual Operating Budget for the year in which such loan is made (if at all), all such loans to be repaid without interest (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans); and

(xi) Capital contributions to the Project, if any, made by the general partners of Borrower that were used to pay developer fee.

In the event any calculation of Annual Project Revenue less subsections (i) through (xi) inclusive above results in a negative number, then Residual Receipts shall be zero (\$0) for that year and shall not carry over to the next or any other subsequent year.

In addition, none of the fees, costs, expenses, or items described above in calculation of Residual Receipts shall include any duplicate entry/item, or double accounting for a cost item. The calculation of Residual Receipts shall be conducted at Borrower's sole cost and expense, by a third party auditor and submitted to Borrower annually, along with Borrower's payment of Residual Receipts.

As used herein, "**Transfer Net Proceeds**" shall mean the proceeds of any sale or other transfer, in whole or part, of the Property or Borrower's interests therein, net only of (i) the reasonable and customary costs and expenses incurred in connection with such transfer; (ii) the amount of the financing which is satisfied out of such proceeds, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of loans to the Project made by the limited partners of Borrower, including interest thereon as provided in the Partnership Agreement, (v) the balance, if any, of operating loans or development loans made by the general partners of Borrower, including interest thereon as provided in the Partnership Agreement, and (vi) the return of capital contributions, if any, to the Project made by the general partners of Borrower that were used to pay the Deferred Developer Fee.

4. Security. Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding hereunder, be secured by the Authority Deed of Trust, which Authority Deed of Trust shall only be subordinated to the approved deed(s) of trust for the Construction Loan and such encumbrances approved by Authority in writing, pursuant to a written subordination agreement in a form approved by Authority counsel. Upon execution of the same, the terms of the Authority Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein.

5. Maturity. This Note shall be due and payable on the fifty-seventh (57th) anniversary of the date of execution hereof by Borrower.

6. Application of Payments. All payments shall be applied (i) first, to costs and fees owing under this Note, (ii) second, to the payment of unpaid accrued interest owing under this Note for each calendar year in which no payment was made by Borrower pursuant to Section 3 above, (iii) third, to the payment of accrued interest for the preceding calendar year, and (iv) fourth, to payment of principal.

7. Waivers.

(a) Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at Authority's sole discretion and that

Authority may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

(b) No extension of time for payment of this Note made by agreement by Authority with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

(c) The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(d) Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to properties securing this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by Authority in acting with respect to the terms of this Note or the Authority Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Authority Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Authority Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

8. Attorneys' Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, Borrower will pay all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

9. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns.

10. Amendments and Modifications. This Note may not be changed orally, but only by an amendment approved by Authority and evidenced in a writing signed by Borrower and by Authority.

11. Authority May Assign. Authority may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

12. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of Authority, which consent shall not unreasonably be withheld, except pursuant to a transfer that is authorized under Section 15 of the Agreement.

13. Acceleration and Other Remedies. Upon the occurrence of a Default, Authority may, at Authority's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Authority Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Authority Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Authority shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as Authority may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of Authority in exercising any right hereunder, under the Agreement or under the Authority Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Authority's right to either require prompt payment when due of all other sums payable hereunder or to declare a Default for failure to make prompt or complete payment.

14. Alternate Rate. Upon the occurrence of any Default, or upon the maturity hereof (by acceleration or otherwise), the entire unpaid principal sum, at the option of Authority, shall bear interest, from the date of occurrence of such Default or maturity and after judgment and until collection, at the "Alternate Rate", such rate being the highest interest rate then permitted by law. Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Borrower agrees that in the event of any Default, Authority will incur additional expense in servicing the loan evidenced by this Note and will suffer damage and loss resulting from such Default. Borrower agrees that in such event Authority shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Borrower agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to Authority, and Borrower agrees to pay such sum on demand.

15. Consents. Borrower hereby consents to: (a) any extension (whether one or more) of the time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Borrower, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such extension, release, surrender, exchange or substitution may be made without notice to Borrower or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

16. Interest Rate Limitation. Authority and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if any holder of this Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of California, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of such holder, be credited to the payment of the sums due hereunder or returned to Borrower.

17. Successors and Assigns. Whenever “**Authority**” is referred to in this Note, such reference shall be deemed to include the La Quinta Housing Authority and its successors and assigns, including, without limitation, any successor to its rights, powers, and responsibilities, and any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of Authority and Authority’s successors and assigns.

18. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Authority may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Borrower also waives any objection regarding personal or in rem jurisdiction or venue.

19. Non-Recourse Obligation. Borrower and its partners shall not be personally liable for the payment of this Note or for the payment of any deficiency established after judicial foreclosure or trustee’s sale; provided, however, that the foregoing shall not in any way affect any rights Authority may have (as a secured party or otherwise) hereunder or under the Agreement or the Authority Deed of Trust to recover directly from Borrower any amounts, or any funds, damages or costs (including without limitation reasonable attorneys’ fees and costs) incurred by Authority as a result of fraud, intentional misrepresentation or bad faith, waste, and any costs and expenses incurred by Authority in connection therewith (including without limitation reasonable attorneys’ fees and costs).

20. Accounting.

(a) **Accounting Terms and Determinations.** Unless otherwise specified herein, (i) all accounting terms used herein shall be interpreted, (ii) all accounting determinations hereunder shall be made, and (c) all books, records and financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP, consistently applied, except for changes approved by Authority.

(b) **Financial Reporting and Accounting Covenants.** Borrower shall permit the representatives of Authority at any time or from time to time, upon three (3) business days' notice and during normal business hours, to inspect, audit, and copy all of Borrower's books, records, and accounts relating to the Property. Borrower shall furnish or cause to be furnished to Authority the following:

(i) **Annual Financial Statement.** Borrower shall submit to Authority, on or before May 1 of each year commencing in the first year after the issuance of the first certificate of occupancy for the Project, an Annual Financial Statement, with respect to the Project that has been reviewed by an independent certified public accountant, together with an expressed written opinion of the certified public accountant that such Annual Financial Statement presents the financial position, results of operations, and cash flows of the Project fairly and in accordance with GAAP.

(ii) **Tax Returns.** As soon as available, but in no event later than thirty (30) days after the time of filing with the Internal Revenue Service, the federal tax returns (and supporting schedules, if any) of Borrower.

(iii) **Audit Reports.** Not later than ten (10) days after receipt thereof by Borrower, copies of all reports submitted to Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of Borrower, made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit. If any such audit report results in Borrower restating Residual Receipts upward for any fiscal year, then Borrower shall accompany delivery of such audit report to Authority with the additional payment to Authority resulting from said restatement pursuant to Section 3 of this Note. If any such audit report results in Borrower restating Residual Receipts downward for any fiscal year, Borrower may carry forward the overpayment made to Authority pursuant to such Section 3 as a credit against payments thereunder in subsequent fiscal years.

(c) **Late Payment.** If any annual payment required pursuant to Section 3 above is not received by Authority within ten (10) calendar days after payment is due, Borrower shall pay to Authority a late charge of five percent (5%) of such payment, such late charge to be immediately due and payable without demand by Authority.

(d) **Dispute Regarding Annual Financial Statement.** If Authority disputes any Annual Financial Statement, Authority shall notify Borrower of such dispute within sixty (60) days after receipt of an Annual Financial Statement and the parties shall cause their representatives to meet and confer concerning the dispute and to use all reasonable efforts to reach a mutually acceptable resolution of the matter in question within thirty (30) days after Authority's notice of such dispute. If the parties are unable to reach a mutually acceptable resolution within such thirty (30) day period, then, within twenty (20) days after the expiration of such period, Borrower and Authority shall appoint a national firm of certified public accountants to review the dispute and to make a determination as to the matter in question within thirty (30) days after such

appointment. If the parties cannot, within ten (10) days, agree upon the firm to be appointed, then, upon the application of either party, such firm shall be appointed by the Presiding Judge of the Superior Court for the County of Riverside, California. Such firm's determination shall be final and binding upon the parties. Such firm shall have full access to the books, records and accounts of Borrower and the Property.

(e) **Underpayment.** If any audit by Authority reports an underpayment by Borrower on this Note, Borrower shall pay the amount of such underpayment, together with the late charge set forth in Section 20(c) of this Note, to Authority within ten (10) days after written notice thereof to Borrower or, in the event of a dispute, after timely notice to Borrower of the resolution of such dispute by the independent firm of certified public accountants, as the case may be, and if such underpayment amounts to more than five percent (5%) of the disputed payment for the period audited, then, notwithstanding anything to the contrary in this section, Borrower shall pay to Authority, within ten (10) days after written demand, Authority's reasonable costs and expenses in conducting such audit and exercising its rights under this Section 20 of this Note.

BORROWER:

_____, **L.P.**,
a California limited partnership

Date: _____, 20__

By: _____

Its: _____

ATTACHMENT NO. 14B

FORM OF AUTHORITY NOTE (PROPERTY AND CONSTRUCTION)

[See following document]

**AUTHORITY PROMISSORY NOTE
(PROPERTY AND CONSTRUCTION)**

\$15,058,288

_____, 20__

La Quinta, California

FOR VALUE RECEIVED, _____, **L.P.**, a California limited partnership ("**Borrower**"), as maker and obligor, promises to pay to the **LA QUINTA HOUSING AUTHORITY**, a public body, corporate and politic ("**Authority**"), as holder and beneficiary, or order, at Authority's office 78-495 Calle Tampico, La Quinta, California 92253, or such other place as Authority may designate in writing, the sum of (a) Fifteen Million Fifty-Eight Thousand Two Hundred Eighty-Eight Dollars (\$15,058,288), or so much thereof as may be disbursed hereunder ("**Note Amount**"), and (b) all costs and expenses payable hereunder, in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Authority Promissory Note ("**Note**") is given in accordance with that certain Affordable Housing and Property Disposition Agreement executed by Authority and Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("**CVHC**"), as "Developer", and thereafter assigned by CVHC to Borrower, dated as of _____, 2017 ("**Agreement**"). The rights and obligations of Borrower and Authority under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Agreement. An Event of Default by Developer under any of the provisions of the Agreement, and/or a default under any and all attachments and all breakout documents executed, attested and/or recorded in implementation of the Agreement, including, without limitation, the Authority Deed of Trust or Authority Regulatory Agreement, or the income and/or rent restrictions as set forth in the Tax Credit Regulatory Agreement (collectively, the "**Transaction Documents**") shall, after the expiration of any cure period under the respective agreement or document, be a default under this Note (a "**Default**"), and a default under this Note, after notice and expiration of a ten (10) day cure period, shall be an Event of Default under the Agreement and a default under the Transaction Documents.

2. Interest. The Note Amount shall bear simple interest at three percent (3%) per annum.

3. Repayment of Note Amount. The Note Amount shall be paid by the Borrower's annual payment to Authority of an amount equal to fifty percent (50%) of the Residual Receipts from operation of the Project, as determined by a Residual Receipts calculation from the operation of the Project the preceding calendar year; provided, however, that if there are other "soft" loans to the Project that require repayment out of

the Residual Receipts from the operation of the Project (any such loans, a “**Soft Loan**”), then the amount payable to Authority shall be a proportional amount of fifty percent (50%) of said Residual Receipts, which proportional amount shall be equal to the percentage the principal amount of the Note Amount bears to the total collective principal amount of the Note Amount and the principal amount of all other Soft Loans.

Annual Residual Receipts payments shall be made by the Borrower by cashier’s check and shall be delivered on or before May 1 for each year during the term of this Note commencing in the first fiscal year following the Conversion Date until the Note Amount and all unpaid interest thereon has been repaid in full. Additionally, the Note Amount shall be paid by any or all of the following: (i) one hundred percent (100%) of the Refinancing Net Proceeds immediately upon any refinancing of the loans secured by the Property (or any part thereof), (ii) one hundred percent (100%) of the Transfer Net Proceeds immediately upon any transfer in whole or in part of the Project, and (iii) any Cost Savings, pursuant to Section 6.9 of the Agreement.

As used herein, “**Affiliate**” means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively thereof. The term “**control**” as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

As used herein, “**Annual Financial Statement**” shall mean each certified financial statement of Borrower for the Project using generally accepted accounting principles (“**GAAP**”), as separately accounted for this Project, including Operating Expenses and Annual Project Revenue, prepared annually at Borrower’s expense, by an independent certified public accountant reasonably acceptable to Authority.

As used herein, “**Annual Project Revenue**” means all gross income and all revenues of any kind from the Project in a calendar year, of whatever form or nature, whether direct or indirect, with the exception of the items excluded below, actually received by or paid to or for the account or benefit of Borrower or any Affiliate of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by tenants of the Project under leases, and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the U.S. Department of Housing and Urban Development or any other person or organization, received on behalf of tenants under their leases, (ii) amounts paid by residents of the Project to Borrower or any Affiliate of Borrower on account of Operating Expenses for further

disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources, (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project, (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of leases, and (vii) interest and other investment earnings on security deposits, reserve accounts and other Project accounts to the extent disbursed for other than the purpose of the reserve. Notwithstanding the foregoing, gross income shall not include the following items: (a) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (b) capital contributions to Borrower by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; (d) funds received from any source actually and directly used for initial development of the Project; (e) receipt by an Affiliate of management fees or other bona fide arms-length payments for reasonable and necessary Operating Expenses associated with the Project; (f) Transfer Net Proceeds; or (g) Refinancing Net Proceeds.

As used herein “**Capital Replacement Reserve**” shall have the meaning ascribed thereto in the Authority Regulatory Agreement.

As used herein, “**CPI Adjustment**” means the increase in the cost of living index, as measured by the Consumer Price Index for all urban consumers, Los Angeles-Riverside-Orange statistical area, all items (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (“**CPI**”) in effect as of the date on which the Certificate of Occupancy is issued for the Project to the CPI in effect as of the date on which an adjustment is made. If such index is discontinued or revised, such other index with which such index is replaced (or if not replaced, another index which reasonably reflects and monitors consumer prices) shall be used in order to obtain substantially the same results as would have been obtained if the discontinued index had not been discontinued or revised. If the CPI is changed so that the base year is other than 1982-84, the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

As used herein, “**Debt Service**” shall mean payments made in a calendar year pursuant to the approved Construction Loan or the Take-Out Loan, as applicable, obtained for the construction/development, and ownership of the Project, as set forth in the Project Budget, or any permitted refinancing or modification thereof, but excluding payments made pursuant to this Note.

As used herein, “**Deferred Developer Fee**” shall mean the portion of the Borrower’s development fee, if any, that is payable out of the Annual Project Revenue and not from capital sources, as set forth in the Project Budget. Disbursement of the Deferred Developer Fee (all or any part thereof) shall be subject to the provisions of the next paragraph.

In connection with Borrower's eligibility to disburse all or any part of the Deferred Developer Fee, in the event the cost of completing the Project exceeds the amount set forth in the final Budget; then, to the extent necessary, the funds otherwise available to pay the developer fee from capital sources shall be expended and used to pay the remaining costs of completing the Project to the extent necessary to ensure the completion of the Project and the balance of the developer fee shall be paid as Deferred Developer Fee in accordance with the priority set forth in the Partnership Agreement, and/or payable from the proceeds of any approved refinancing or transfer of the Property and/or the Project. In no event shall Borrower be eligible for disbursement of the Deferred Developer Fee or any part thereof prior to completion of the Project, as approved by the Executive Director as evidenced by the issuance by Authority of the Release of Construction Covenants.

As used herein, "**Operating Expenses**" shall mean actual, reasonable and customary (for comparable high quality rental Projects in Riverside County) costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Project in a calendar year, which are in accordance with the annual Operating Budget approved by Authority pursuant to Section 9 of Authority Regulatory Agreement, including, without limitation, painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, asset management fees paid to the Investor in the amount of _____ Dollars (\$____), which shall be increased annually by _____ percent (___%) per year, partnership management fees paid to the general partner of Borrower in the amount of _____ Dollars (\$____), which shall be increased annually by _____ percent (___%) per year, and other actual, reasonable and customary operating costs which are directly incurred and paid by Borrower, but which are not paid from or eligible to be paid from the Operating Reserve or any other reserve accounts. In addition, Operating Expenses shall include a social services fee in the amount of _____ Dollars (\$____) for calendar year 20__, which shall be increased annually by _____ percent (___%) per year, provided Borrower provides the social services described in (a) the Tenant Services Agreement that was included in Borrower's tax credit application, and (b) the Scope of Development. Operating Expenses shall not include any of the following: (i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Riverside County area for the same work or services; (ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses; (iii) optional or elective payments with respect to the Construction Loan; (iv) any payments with respect to any Project-related loan or financing that has not been approved by Authority; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with

respect to the development of the Project, or any portion thereof, including, without limitation, all predevelopment and preconstruction activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on site or off site work in connection therewith; or (vi) depreciation, amortization, and accrued principal and interest expense on deferred payment debt.

As used herein, “**Operating Reserve**” shall have the meaning ascribed thereto in the Authority Regulatory Agreement.

As used herein, “**Partnership Agreement**” means the agreement which sets forth the terms of the Borrower’s limited partnership, as such agreement may be amended from time to time.

As used herein, “**Refinancing Net Proceeds**” means the proceeds of any approved refinancing of the Construction Loan or other approved financing secured by the Property, net of the following actual costs and fees incurred: (i) the amount of the financing which is satisfied out of such proceeds, (ii) reasonable and customary costs and expenses incurred in connection with the refinancing, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of authorized loans to the Project made by the limited partners of Borrower, including interest at the rate set forth in the Partnership Agreement for such loans, (v) the balance, if any, of authorized operating loans or development loans made by the general partners of a limited partnership that succeeds to Borrower’s interest in the Agreement and the Project, including interest at the rate set forth in the Partnership Agreement for such loans, (vi) the return of capital contributions, if any, to the Project made by the general partners of a limited partnership that succeeds to Borrower’s interest in the Agreement and the Project that were used to pay the Deferred Developer Fee, and (vii) the amount of proceeds required to be reserved for the repair, rehabilitation, reconstruction or refurbishment of the Project.

As used herein, “**Reserve Deposits**” shall mean any payments to the Capital Replacement Reserve account and payments to the Operating Reserve account pursuant to Sections 10 and 11, respectively, of Authority Regulatory Agreement or such higher amounts as may be otherwise required by (i) any lender of a Project-related loan that has been approved by Authority, or (ii) the Investor, pursuant to the terms of the Partnership Agreement.

As used herein, “**Residual Receipts**” shall mean Annual Project Revenue less the sum of:

- (i) Operating Expenses;
- (ii) Debt Service;
- (iii) Reserve Deposits to the Capital Replacement Reserve;
- (iv) Reserve Deposits to the Operating Reserve;

- (v) Deferred Developer Fees;
- (vi) Unpaid Tax Credit adjustment amounts, if any, pursuant to the Partnership Agreement;
- (viii) Repayment of loans to the Project, if any, made by the limited partner(s) of Borrower pursuant to the Partnership Agreement, including interest at the rate set forth in the Partnership Agreement, for eligible development and/or operating expense deficits or other eligible loans (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans);
- (ix) Repayment to the administrative and/or managing general partners of Borrower for loans to the Project for development advance(s) pursuant to the Partnership Agreement, operating deficit advance(s) pursuant to the Partnership Agreement, credit adjuster payment(s) pursuant to the Partnership Agreement, and/or development fee advance(s) pursuant to the Partnership Agreement, and with all such loans to be repaid without interest (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans);
- (x) Repayment to the administrative and/or managing general partners of Borrower of certain loans made to the Project after the expiration or earlier termination of the Partnership Agreement to cover shortfalls in funding for Operating Expenses in excess of the Operating Expenses included in the approved annual Operating Budget for the year in which such loan is made (if at all), all such loans to be repaid without interest (provided that if made during the compliance period Borrower shall provide to Executive Director documentation showing the propriety of such loan(s) and if made subsequent to the expiration of the compliance period each such loan must be reasonably approved by the Executive Director before being provided to the Project after review of documentation provided by Borrower showing propriety of such loans); and
- (xi) Capital contributions to the Project, if any, made by the general partners of Borrower that were used to pay developer fee.

In the event any calculation of Annual Project Revenue less subsections (i) through (xi) inclusive above results in a negative number, then Residual Receipts shall be zero (\$0) for that year and shall not carry over to the next or any other subsequent year.

In addition, none of the fees, costs, expenses, or items described above in calculation of Residual Receipts shall include any duplicate entry/item, or double accounting for a cost item. The calculation of Residual Receipts shall be conducted at Borrower's sole cost and expense, by a third party auditor and submitted to Borrower annually, along with Borrower's payment of Residual Receipts.

As used herein, "**Transfer Net Proceeds**" shall mean the proceeds of any sale or other transfer, in whole or part, of the Property or Borrower's interests therein, net only of (i) the reasonable and customary costs and expenses incurred in connection with such transfer; (ii) the amount of the financing which is satisfied out of such proceeds, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of loans to the Project made by the limited partners of Borrower, including interest thereon as provided in the Partnership Agreement, (v) the balance, if any, of operating loans or development loans made by the general partners of Borrower, including interest thereon as provided in the Partnership Agreement, and (vi) the return of capital contributions, if any, to the Project made by the general partners of Borrower that were used to pay the Deferred Developer Fee.

4. Security. Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding hereunder, be secured by the Authority Deed of Trust, which Authority Deed of Trust shall only be subordinated to the approved deed(s) of trust for the Construction Loan and such encumbrances approved by Authority in writing, pursuant to a written subordination agreement in a form approved by Authority counsel. Upon execution of the same, the terms of the Authority Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein.

5. Maturity. This Note shall be due and payable on the fifty-seventh (57th) anniversary of the date of execution hereof by Borrower.

6. Application of Payments. All payments shall be applied (i) first, to costs and fees owing under this Note, (ii) second, to the payment of unpaid accrued interest owing under this Note for each calendar year in which no payment was made by Borrower pursuant to Section 3 above, (iii) third, to the payment of accrued interest for the preceding calendar year, and (iv) fourth, to payment of principal.

7. Waivers.

(a) Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at Authority's sole discretion and that Authority may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

(b) No extension of time for payment of this Note made by agreement by Authority with any person now or hereafter liable for the payment of this Note shall

operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

(c) The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(d) Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to properties securing this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by Authority in acting with respect to the terms of this Note or the Authority Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Authority Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Authority Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

8. Attorneys' Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, Borrower will pay all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

9. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns.

10. Amendments and Modifications. This Note may not be changed orally, but only by an amendment approved by Authority and evidenced in a writing signed by Borrower and by Authority.

11. Authority May Assign. Authority may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

12. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of Authority, which consent shall not unreasonably be withheld, except pursuant to a transfer that is authorized under Section 15 of the Agreement.

13. Acceleration and Other Remedies. Upon the occurrence of a Default, Authority may, at Authority's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Authority Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all

as further set forth in the Authority Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Authority shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as Authority may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of Authority in exercising any right hereunder, under the Agreement or under the Authority Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Authority's right to either require prompt payment when due of all other sums payable hereunder or to declare a Default for failure to make prompt or complete payment.

14. Alternate Rate. Upon the occurrence of any Default, or upon the maturity hereof (by acceleration or otherwise), the entire unpaid principal sum, at the option of Authority, shall bear interest, from the date of occurrence of such Default or maturity and after judgment and until collection, at the "Alternate Rate", such rate being the highest interest rate then permitted by law. Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Borrower agrees that in the event of any Default, Authority will incur additional expense in servicing the loan evidenced by this Note and will suffer damage and loss resulting from such Default. Borrower agrees that in such event Authority shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Borrower agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to Authority, and Borrower agrees to pay such sum on demand.

15. Consents. Borrower hereby consents to: (a) any extension (whether one or more) of the time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Borrower, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such extension, release, surrender, exchange or substitution may be made without notice to Borrower or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

16. Interest Rate Limitation. Authority and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if any holder of this Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of

the maximum rate permitted to be charged by the laws of the State of California, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of such holder, be credited to the payment of the sums due hereunder or returned to Borrower.

17. Successors and Assigns. Whenever “**Authority**” is referred to in this Note, such reference shall be deemed to include the La Quinta Housing Authority and its successors and assigns, including, without limitation, any successor to its rights, powers, and responsibilities, and any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of Authority and Authority’s successors and assigns.

18. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Authority may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Borrower also waives any objection regarding personal or in rem jurisdiction or venue.

19. Non-Recourse Obligation. Borrower and its partners shall not be personally liable for the payment of this Note or for the payment of any deficiency established after judicial foreclosure or trustee’s sale; provided, however, that the foregoing shall not in any way affect any rights Authority may have (as a secured party or otherwise) hereunder or under the Agreement or the Authority Deed of Trust to recover directly from Borrower any amounts, or any funds, damages or costs (including without limitation reasonable attorneys’ fees and costs) incurred by Authority as a result of fraud, intentional misrepresentation or bad faith, waste, and any costs and expenses incurred by Authority in connection therewith (including without limitation reasonable attorneys’ fees and costs).

20. Accounting.

(a) **Accounting Terms and Determinations.** Unless otherwise specified herein, (i) all accounting terms used herein shall be interpreted, (ii) all accounting determinations hereunder shall be made, and (c) all books, records and financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP, consistently applied, except for changes approved by Authority.

(b) **Financial Reporting and Accounting Covenants.** Borrower shall permit the representatives of Authority at any time or from time to time, upon three (3) business days’ notice and during normal business hours, to inspect, audit, and copy all of Borrower’s books, records, and accounts relating to the Property. Borrower shall furnish or cause to be furnished to Authority the following:

(i) **Annual Financial Statement.** Borrower shall submit to Authority, on or before May 1 of each year commencing in the first year after the issuance of the first certificate of occupancy for the Project, an Annual Financial Statement, with respect to the Project that has been reviewed by an independent certified public accountant, together with an expressed written opinion of the certified public accountant that such Annual Financial Statement presents the financial position, results of operations, and cash flows of the Project fairly and in accordance with GAAP.

(ii) **Tax Returns.** As soon as available, but in no event later than thirty (30) days after the time of filing with the Internal Revenue Service, the federal tax returns (and supporting schedules, if any) of Borrower.

(iii) **Audit Reports.** Not later than ten (10) days after receipt thereof by Borrower, copies of all reports submitted to Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of Borrower, made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit. If any such audit report results in Borrower restating Residual Receipts upward for any fiscal year, then Borrower shall accompany delivery of such audit report to Authority with the additional payment to Authority resulting from said restatement pursuant to Section 3 of this Note. If any such audit report results in Borrower restating Residual Receipts downward for any fiscal year, Borrower may carry forward the overpayment made to Authority pursuant to such Section 3 as a credit against payments thereunder in subsequent fiscal years.

(c) **Late Payment.** If any annual payment required pursuant to Section 3 above is not received by Authority within ten (10) calendar days after payment is due, Borrower shall pay to Authority a late charge of five percent (5%) of such payment, such late charge to be immediately due and payable without demand by Authority.

(d) **Dispute Regarding Annual Financial Statement.** If Authority disputes any Annual Financial Statement, Authority shall notify Borrower of such dispute within sixty (60) days after receipt of an Annual Financial Statement and the parties shall cause their representatives to meet and confer concerning the dispute and to use all reasonable efforts to reach a mutually acceptable resolution of the matter in question within thirty (30) days after Authority's notice of such dispute. If the parties are unable to reach a mutually acceptable resolution within such thirty (30) day period, then, within twenty (20) days after the expiration of such period, Borrower and Authority shall appoint a national firm of certified public accountants to review the dispute and to make a determination as to the matter in question within thirty (30) days after such appointment. If the parties cannot, within ten (10) days, agree upon the firm to be appointed, then, upon the application of either party, such firm shall be appointed by the Presiding Judge of the Superior Court for the County of Riverside, California. Such firm's determination shall be final and binding upon the parties. Such firm shall have full access to the books, records and accounts of Borrower and the Property.

(e) **Underpayment.** If any audit by Authority reports an underpayment by Borrower on this Note, Borrower shall pay the amount of such underpayment, together with the late charge set forth in Section 20(c) of this Note, to Authority within ten (10) days after written notice thereof to Borrower or, in the event of a dispute, after timely notice to Borrower of the resolution of such dispute by the independent firm of certified public accountants, as the case may be, and if such underpayment amounts to more than five percent (5%) of the disputed payment for the period audited, then, notwithstanding anything to the contrary in this section, Borrower shall pay to Authority, within ten (10) days after written demand, Authority's reasonable costs and expenses in conducting such audit and exercising its rights under this Section 20 of this Note.

BORROWER:

_____, **L.P.**,
a California limited partnership

Date: _____, 20__

By: _____

Its: _____

ATTACHMENT NO. 15A
FORM OF AUTHORITY DEED OF TRUST (PLANS)

[See following document]

RECORDING REQUESTED BY:
AND WHEN RECORDED RETURN TO:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

APN: 104-413-02 and 104-413-13

Government Code Sections 6103 and 27383]

[Free Re

**DEED OF TRUST
WITH ASSIGNMENT OF RENTS
(PLANS)**

NOTE: RIDER ATTACHED TO THIS DEED OF TRUST CONTAINING TERMS INCLUDING SECURITY AGREEMENT AND FIXTURE FILING.

This DEED OF TRUST WITH ASSIGNMENT OF RENTS AND RIDER ATTACHED HERETO (“**Deed of Trust**”), is made _____, _____, between _____, a California Limited Partnership, herein called TRUSTOR, whose address is _____, La Quinta, CA _____, _____ TITLE INSURANCE COMPANY, a California nonprofit public benefit corporation, herein called TRUSTEE, and LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic, herein called BENEFICIARY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, Trustor’s estate, dated on or about the date hereof, in that property in the City of La Quinta, State of California, described in Exhibit “A” (the “**Property**”),

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of TWO MILLION THREE HUNDRED SIXTY-SIX THOUSAND SEVEN HUNDRED TWENTY-TWO DOLLARS (\$2,366,722), with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
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Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

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

SEE RIDERS ATTACHED TO THIS DEED OF TRUST

Signature of Trustor

STATE OF CALIFORNIA }
COUNTY OF _____ } _____,
a California Limited Partnership

State of California)
County of _____)

By:

On _____, before me,

(here insert name and title of the officer)
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.

Signature _____

(This area for official notarial seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation 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, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, 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, pay necessary expenses, employ counsel and pay his or her reasonable fees.

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

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as **"the person or persons legally entitled thereto"**.

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior

to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default (beyond any applicable cure period, and during the continuance of such default), Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

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

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

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

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO _____, TRUSTEE:

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

Dated _____

—

—

Please mail Deed of Trust,

Note and Reconveyance to _____

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

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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS

This RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS (“**Rider**”) is executed this ___ day of _____ by _____, L.P., a California limited partnership, herein “**Trustor**,” in favor of the LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic, herein “**Beneficiary**,” the same parties to that certain form Deed of Trust With Assignment of Rents, of even date hereto, to which this Rider is attached. This Rider is made a part of and is incorporated into said Deed of Trust. This Rider shall supersede any conflicting term or provision of the form Deed of Trust to which it is attached.

Reference is made to (i) that certain Authority Promissory Note (Plans) executed by Trustor on or about the date set forth above, the repayment of which by Trustor is secured by this Deed of Trust (“**Authority Note**”), (ii) that certain Affordable Housing and Property Disposition Agreement between Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, and Beneficiary dated for identification purposes only as of _____, 2017 as assigned to and assumed by the Trustor (collectively, the “**Agreement**”), and (iii) that certain Affordable Housing Regulatory Agreement, by and between Trustor and Beneficiary, for the benefit of Beneficiary, and recorded concurrently herewith in the Office of the Riverside County Recorder (“**Authority Regulatory Agreement**”).

The parties hereto agree:

1. Property. The estate subject to this Deed of Trust is Trustor’s estate in the real property legally described in the foregoing Deed of Trust to which this Rider is attached (the “**Property**”).

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations (“**Secured Obligations**”):

- a. Payment to Beneficiary of all indebtedness at any time owing under the terms of the Authority Note;
- b. Payment and performance of all obligations of Trustor under this Deed of Trust;
- c. Payment and performance of all obligations of Trustor under the Agreement and the Authority Regulatory Agreement.
- d. Payment and performance of all future advances and other obligations of Trustor or any other person, firm, or entity with the approval of Trustor, may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when the obligation is evidenced by a writing which recites that it is secured by this Deed of Trust; and

- e. All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced.

3. Obligations. The term “**obligations**” is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges, late charges and fees at any time accruing or assessed on any of the Secured Obligations.

4. Incorporation. All terms of the Authority Note, Agreement, and Authority Regulatory Agreement, and the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of all of the foregoing documents.

5. Mortgagee-in-Possession. Neither the assignment of rents set forth in the Deed of Trust nor the exercise by Beneficiary of any of its rights or remedies hereunder shall be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property, unless Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Property by such receiver, be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property.

6. No Cure. In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default, except if and to the extent the same are sufficient to cure all monetary defaults and no other defaults then exist.

7. Possession Upon Default. Upon the occurrence of and during the continuation of a default, Beneficiary, after having given notice and the applicable cure periods having expired with the default having not been cured (hereinafter, a “**default**”), may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property in accordance with applicable law and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all commercially reasonable alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the Authority Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney’s fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of

this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a default shall be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

8. Receiver. In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred and not have been cured within any applicable cure period, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

9. Notice to Beneficiary. Notices to Beneficiary shall be sent to Beneficiary addressed to:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

10. Notice to Limited Partner; Limited Partner Cure Rights. Beneficiary shall give Trustor's limited partner written notice of any default under the Loan Documents, and the cure periods contained in this Paragraph 10 shall commence on the effective date of any such notice, at the following address:

...

With copies to:

...

Notwithstanding anything to the contrary set forth in this Deed of Trust, Beneficiary shall not exercise any right hereunder without providing the limited partner of Trustor with not less than thirty (30) days prior written notice and right to cure any default giving rise to the exercise of said remedy (or such longer period as reasonably necessary provided the limited partner commences to cure the default within the initial 30 days and diligently prosecutes such cure to completion). Beneficiary agrees that any cure tendered by the limited partner of Trustor shall be accepted or rejected on the same terms and conditions as if tendered directly by Trustor.

11. Subordination Acknowledgement. Beneficiary hereby acknowledges that the loan secured by this Deed of Trust is also subordinate to the extended use agreement required to be executed by Borrower pursuant to Section 42(h)(6)(B) of the Internal Revenue Code, for purposes of the low-income housing tax credits to be allocated to Trustor. In addition, Beneficiary hereby acknowledges that the loan secured by this Deed of Trust is further subordinate to Section 42(h)(6)(e)(ii) of the Internal Revenue Code, which prohibits the eviction or termination of a tenancy, other than for good cause, of an existing tenant of any low-income housing tax credit unit or any increase in the gross rent with respect to such unit, not otherwise permitted under Section 42, for a period of three (3) years after the date the Property is acquired by Beneficiary through foreclosure or instrument in lieu of foreclosure.

[signatures on next page]

IN WITNESS WHEREOF, Trustor has executed this Rider on the date of Trustor's acknowledgment herein below, to be effective for all purposes as of the day and year first set forth above.

TRUSTOR:

_____, L.P.,
a California Limited Partnership

By: _____

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

State of California)
County of Riverside)

On _____, before me, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

ATTACHMENT NO. 15B

FORM OF AUTHORITY DEED OF TRUST (PROPERTY AND CONSTRUCTION)

[See following document]

RECORDING REQUESTED BY:
AND WHEN RECORDED RETURN TO:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

APN: 104-413-02 and 104-413-13

Government Code Sections 6103 and 27383]

[Free Re

**DEED OF TRUST
WITH ASSIGNMENT OF RENTS
(PROPERTY AND CONSTRUCTION)**

NOTE: RIDER ATTACHED TO THIS DEED OF TRUST CONTAINING TERMS INCLUDING SECURITY AGREEMENT AND FIXTURE FILING.

This DEED OF TRUST WITH ASSIGNMENT OF RENTS AND RIDER ATTACHED HERETO (“**Deed of Trust**”), is made _____, _____, between _____, a California Limited Partnership, herein called TRUSTOR, whose address is _____, La Quinta, CA _____, _____ TITLE INSURANCE COMPANY, a California nonprofit public benefit corporation, herein called TRUSTEE, and LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic, herein called BENEFICIARY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, Trustor’s estate, dated on or about the date hereof, in that property in the City of La Quinta, State of California, described in Exhibit “A” (the “**Property**”),

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of FIFTEEN MILLION FIFTY-EIGHT THOUSAND TWO HUNDRED EIGHTY-EIGHT DOLLARS (\$15,058,288), with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
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Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
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Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
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Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
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Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

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

SEE RIDERS ATTACHED TO THIS DEED OF TRUST

Signature of Trustor

STATE OF CALIFORNIA }
COUNTY OF _____ } _____,
a California Limited Partnership

State of California)
County of _____)

By:

On _____, before me,

(here insert name and title of the officer)
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.

Signature _____

(This area for official notarial seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation 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, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, 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, pay necessary expenses, employ counsel and pay his or her reasonable fees.

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

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as **"the person or persons legally entitled thereto"**.

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior

to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default (beyond any applicable cure period, and during the continuance of such default), Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

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

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

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

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO _____, TRUSTEE:

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

Dated _____

—

—

Please mail Deed of Trust,

Note and Reconveyance to _____

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

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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS

This RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS (“**Rider**”) is executed this ___ day of _____ by _____, L.P., a California limited partnership, herein “**Trustor**,” in favor of the LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic, herein “**Beneficiary**,” the same parties to that certain form Deed of Trust With Assignment of Rents, of even date hereto, to which this Rider is attached. This Rider is made a part of and is incorporated into said Deed of Trust. This Rider shall supersede any conflicting term or provision of the form Deed of Trust to which it is attached.

Reference is made to (i) that certain Authority Promissory Note (Property and Construction) executed by Trustor on or about the date set forth above, the repayment of which by Trustor is secured by this Deed of Trust (“**Authority Note**”), (ii) that certain Affordable Housing and Property Disposition Agreement between Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, and Beneficiary dated for identification purposes only as of _____, 2017 as assigned to and assumed by the Trustor (collectively, the “**Agreement**”), and (iii) that certain Affordable Housing Regulatory Agreement, by and between Trustor and Beneficiary, for the benefit of Beneficiary, and recorded concurrently herewith in the Office of the Riverside County Recorder (“**Authority Regulatory Agreement**”).

The parties hereto agree:

1. Property. The estate subject to this Deed of Trust is Trustor’s estate in the real property legally described in the foregoing Deed of Trust to which this Rider is attached (the “**Property**”).

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations (“**Secured Obligations**”):

- a. Payment to Beneficiary of all indebtedness at any time owing under the terms of the Authority Note;
- b. Payment and performance of all obligations of Trustor under this Deed of Trust;
- c. Payment and performance of all obligations of Trustor under the Agreement and the Authority Regulatory Agreement.
- d. Payment and performance of all future advances and other obligations of Trustor or any other person, firm, or entity with the approval of Trustor, may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when the obligation is evidenced by a writing which recites that it is secured by this Deed of Trust; and

- e. All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced.

3. Obligations. The term “**obligations**” is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges, late charges and fees at any time accruing or assessed on any of the Secured Obligations.

4. Incorporation. All terms of the Authority Note, Agreement, and Authority Regulatory Agreement, and the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of all of the foregoing documents.

5. Mortgagee-in-Possession. Neither the assignment of rents set forth in the Deed of Trust nor the exercise by Beneficiary of any of its rights or remedies hereunder shall be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property, unless Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Property by such receiver, be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property.

6. No Cure. In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default, except if and to the extent the same are sufficient to cure all monetary defaults and no other defaults then exist.

7. Possession Upon Default. Upon the occurrence of and during the continuation of a default, Beneficiary, after having given notice and the applicable cure periods having expired with the default having not been cured (hereinafter, a “**default**”), may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property in accordance with applicable law and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all commercially reasonable alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the Authority Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney’s fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of

this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a default shall be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

8. Receiver. In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred and not have been cured within any applicable cure period, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

9. Notice to Beneficiary. Notices to Beneficiary shall be sent to Beneficiary addressed to:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

10. Notice to Limited Partners; Limited Partner Cure Rights. Beneficiary shall give Trustor's limited partner written notice of any default under the Loan Documents, and the cure periods contained in this Paragraph 10 shall commence on the effective date of any such notice, at the following address:

...

With copies to:

...

Notwithstanding anything to the contrary set forth herein, Beneficiary shall not exercise any right under this Deed of Trust without providing the limited partner of Trustor with not less than thirty (30) days prior written notice and right to cure any default giving rise to the exercise of said remedy (or such longer period as reasonably necessary provided the limited partner commences to cure the default within the initial 30 days and diligently prosecutes such cure to completion). Beneficiary agrees that any cure tendered by the limited partner of Trustor shall be accepted or rejected on the same terms and conditions as if tendered directly by Trustor.

11. Subordination Acknowledgement. Beneficiary hereby acknowledges that the loan secured by this Deed of Trust is also subordinate to the extended use agreement required to be executed by Borrower pursuant to Section 42(h)(6)(B) of the Internal Revenue Code, for purposes of the low-income housing tax credits to be allocated to Trustor. In addition, Beneficiary hereby acknowledges that the loan secured by this Deed of Trust is further subordinate to Section 42(h)(6)(e)(ii) of the Internal Revenue Code, which prohibits the eviction or termination of a tenancy, other than for good cause, of an existing tenant of any low-income housing tax credit unit or any increase in the gross rent with respect to such unit, not otherwise permitted under Section 42, for a period of three (3) years after the date the Property is acquired by Beneficiary through foreclosure or instrument in lieu of foreclosure.

[signatures on next page]

IN WITNESS WHEREOF, Trustor has executed this Rider on the date of Trustor's acknowledgment herein below, to be effective for all purposes as of the day and year first set forth above.

TRUSTOR:

_____, L.P.,
a California Limited Partnership

By: _____

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

State of California)
County of Riverside)

On _____, before me, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

ATTACHMENT NO. 16

PROJECT BUDGET

[See following pages]

PROJECT BUDGET

SOURCES

Existing USDA 515 Loan	\$628,640
Plan Loan	\$2,366,722
Property and Construction Loan	\$15,058,288
Tax Credit Equity	\$28,908,896
Deferred Developer Fee/General Partner Equity	\$7,526
Total Sources	\$46,970,072

USES OF FUNDS

LAND COST/ACQUISITION

Existing Structure Value	\$5,500,000
Adjacent Vacant Site	\$1,260,000
Carrying Costs	\$25,000
Legal & Closing Costs	
Off-Site Improvements	
Total Acquisition Cost -	\$6,785,000

REHABILITATION

Site Work	\$4,806,182
Structures	\$6,371,231
General Requirements	\$558,871
Contractor Insurance & Bond	\$250,000
Contractor Overhead	\$307,379
Contractor Profit	\$307,379
Total Rehabilitation Cost	\$12,601,042

NEW CONSTRUCTION -

Site Work and Utilities	\$3,170,167
Structures	\$10,387,777
General Requirements	\$574,580
Contractor Insurance & Bond	\$404,378
Contractor Overhead	\$372,843
Contractor Profit	\$335,078
Total New Construction Costs	\$15,244,823

ARCHITECTURAL FEES

Design	\$503,140
Supervision	\$125,785
Total Architectural Costs	\$628,925

Survey and Engineering, incl testing	\$340,000
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CONSTR. INTEREST & FEES

Construction Loan Interest During Construction	\$955,455
Construction Loan Interest Post Construction	\$530,809
Construction loan fee and expenses	\$229,053
Taxes	\$10,000
Insurance	\$103,946
Title and Recording	\$50,000
Total Construction Interest and Fees	\$1,879,263
<i>PERMANENT FINANCING</i>	
Loan Fees	\$0
Title and Recording	\$20,000
Other Financing Costs --	
legal	\$10,000
Total Permanent Financing Costs	\$30,000
<i>LEGAL FEES</i>	
Lender Legal Costs Paid by Applicant	\$35,000
Other - Owner Legal	\$40,000
Total Attorney Costs	\$75,000
<i>RESERVES</i>	
Operating Reserve @ 6 mo ops	\$372,269
Current Reserve Balance	\$700,767
Section 8 reserve	
Total Reserve Costs	\$1,073,036
Total Appraisal Costs	\$10,000
Total Construction Contingency Costs	\$4,044,691
<i>OTHER</i>	
Tax Credit App./Alloc./Monitoring fees	\$154,033
Local Development Impact Fees	\$1,269,259
Permit Processing Fees and utility hookups	\$500,000
Market Study	\$10,000
Marketing & Lease up	\$30,000
Environmental Review	\$70,000
Staking and Inspections	\$100,000
Furnishings	\$25,000
Relocation	\$375,000
Soft Cost Contingency	\$235,000
Total Other Costs	\$2,768,292
Total Project Cost	\$45,480,072
<i>DEVELOPER COSTS</i>	
Developer Overhead/Profit	\$1,400,000
Total Developer Costs	\$1,400,000
TOTAL PROJECT COST	
<i>Syndication Costs</i>	

Legal - Syndication/Organization	\$40,000
Audit	\$10,000
Consultant - Syndication	\$40,000
Total Syndication Costs	\$90,000
TOTAL PROJECT COSTS INCL. SYNDICATION	\$46,970,072

ATTACHMENT NO. 17
FORM OF AUTHORITY REGULATORY AGREEMENT

[See following document]

REQUESTED BY
AND WHEN RECORDED MAIL TO:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

This document is exempt from a recording fee pursuant to
Government Code Sections 6103 and 27383.

AFFORDABLE HOUSING REGULATORY AGREEMENT

This **AFFORDABLE HOUSING REGULATORY AGREEMENT** (this “**Regulatory Agreement**”), dated for purposes of identification only as of _____ (the “**Effective Date of Regulatory Agreement**”), is entered by and between the **LA QUINTA HOUSING AUTHORITY**, a public body, corporate and politic, (the “**Authority**”), and _____, a California limited partnership (the “**Developer**”).

RECITALS

The following recitals are a substantive part of this Regulatory Agreement; all capitalized terms set forth in the Recitals shall have the meanings ascribed to such terms in Section 1 hereof.

- A. Authority is a public body, corporate and politic.
- B. Authority was established to increase, improve, and preserve the City of La Quinta’s supply of low and moderate income housing.
- C. Authority owns fee title to that certain real property located in the City of La Quinta, County of Riverside, State of California more particularly described in Exhibit “A”, which is attached hereto and incorporated herein by this reference (the “**Property**”). The Property is comprised of the WSA Property and the Unimproved Property.
- D. Developer is controlled by an experienced owner, developer and manager of affordable housing for low and moderate-income families.
- E. Authority entered into an Affordable Housing and Property Disposition Agreement with Coachella Valley Housing Coalition, the _____ general partner of Developer, dated as of _____, 2017 (“**Agreement**”).
- F. The Agreement provides for Authority to sell the Property to Developer, and for Developer to rehabilitate the improvements on the WSA Property,

construct new apartment units on the WSA Property and Unimproved Property, and thereafter operate a one hundred forty (140) unit multifamily apartment project with all but two of such units restricted for occupancy by low and very low income households (the “**Project**”). The Agreement further provides that the Parties execute and record this Regulatory Agreement against the Property.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

SECTION 1. DEFINITIONS.

“**40% Very Low Income Household**” means those person(s) or households whose income does not exceed forty percent (40%) of AMI, adjusted for household size.

“**40% Very Low Income Units**” means the fifty (50) Affordable Units that are required to be rented to and occupied by 40% Very Low Income Households.

“**60% Low Income Household**” means those person(s) or households whose income does not exceed sixty percent (60%) of AMI, adjusted for household size.

“**60% Low Income Units**” means the four (4) Affordable Units that are required to be rented to and occupied by 60% Low Income Households.

“**Additional Regulatory Agreements**” means the Tax Credit Regulatory Agreement and any other regulatory agreement Developer is required to execute as a condition to obtaining financing to develop and/or operate the Project.

“**Affiliate**” means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer which, if Developer is a partnership or limited liability company, shall include each of the constituent members or partners, respectively thereof. The term “**control**” as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

“**Affordability Period**” means the period commencing on the date on which this Regulatory Agreement is recorded in the Official Records and ending on the fifty-seventh (57th) anniversary of said date.

“**Affordable Rent**” means the maximum Monthly Rent that may be charged to and paid by Extremely Low Income Households, 40% Very Low Income Households, Very Low Income Households, or 60% Low Income Households, as applicable, for the Affordable Units, as annually determined pursuant to Health and Safety Code Section 50053(b) and based on a household size of two (2) persons, and the regulations promulgated pursuant to and incorporated therein.

“Affordable Units” means the one hundred thirty-eight (138) one (1) bedroom, one (1) bath rental units in the Project.

“Agreement” is defined in Recital E hereof.

“AMI” means the median family income (adjusted for household size) for the Riverside County area promulgated and published annually by HCD pursuant to Title 25, Section 6932 of the California Code of Regulations. If HCD ceases to annually publish median incomes, the Parties shall agree upon an adequate substituted manner for determining AMI.

“Annual Project Revenue” has the meaning ascribed thereto in each of the Authority Notes.

“Approved Financing” means the financing approved by Authority pursuant to the Agreement, as set forth in the Project Budget attached to the Agreement, obtained by Developer for the acquisition of the Property and the construction and ownership of the Project. In addition, “Approved Financing” shall include any refinancing of the Approved Financing which has been approved by Authority.

“Approved Pro Forma” means that certain pro forma created in connection with the Project Budget attached to the Agreement.

“Authority” means the La Quinta Housing Authority, a public body, corporate and politic, and any assignee of or successor to its rights, powers and responsibilities.

“Authority Deeds of Trust” means those certain deeds of trust executed by Developer, as “Trustor,” in favor of Authority, as “Beneficiary,” securing Developer’s repayment under the Authority Notes.

“Authority Loans” means the loans provided by Authority to Developer pursuant to the Agreement to assist the Developer acquire the Property and with the costs Developer incurs in developing the Project.

“Authority Notes” means those certain Authority Promissory Notes executed by Developer on or about _____, that evidence Developer’s obligation to repay the Authority Loans.

“Capital Replacement Reserve” means a capital replacement reserve for the Project (i) initially consisting of not less than _____ Dollars (\$_____) (or such greater amount required under any Additional Regulatory Agreement, under the Partnership Agreement, or by any lender of a Project-related loan that has been approved by Authority) set aside in a separate interest-bearing trust account, commencing upon the rental of the newly constructed Affordable Units, and (ii) replenished from annual deposits of _____ Dollars (\$____) per Unit (e.g., \$_____) of Annual Project Revenue, adjusted annually by the CPI Adjustment (unless otherwise agreed to by Developer and Authority) or as required under the Partnership Agreement (or such greater amount required under any

Additional Regulatory Agreement, or under the Partnership Agreement). Notwithstanding the foregoing, commencing as of Effective Date of Regulatory Agreement, and until the rental of any newly constructed Affordable Units, the Capital Replacement Reserve means the capital replacement reserve funds for the Existing WSA Units that were transferred to Developer by Authority in connection with Developer's acquisition of the WSA Property from Authority, in the amount of \$_____.

"Certification of Continuing Program Compliance" means an annual recertification form substantially in the form attached hereto and incorporated herein as Exhibit E.

"Certificate of Occupancy" means the final certificate of occupancy issued by the City for the completion of construction of the Project.

"City" means the City of La Quinta, a California municipal corporation and charter city.

"Construction Financing" means a loan in an amount not less than _____ Dollars (\$_____) from an Institutional Lender to be secured by a deed of trust.

"CPI Adjustment" means the percentage increase in the cost of living index, as measured by the Consumer Price Index for all urban consumers, Los Angeles-Riverside-Orange statistical area, all items (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics ("**CPI**") between the CPI figure in effect as of the date on which the Certificate of Occupancy is issued and the CPI figure in effect as of the date on which an adjustment is made. If such index is discontinued or revised, such other index with which such index is replaced (or if not replaced, another index which reasonably reflects and monitors consumer prices) shall be used in order to obtain substantially the same results as would have been obtained if the discontinued index had not been discontinued or revised. If the CPI is changed so that the base year is other than 1982-84, the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

"Default" means the failure of a Party to perform any action or covenant required by the Agreement or hereunder within the time periods provided in the Agreement or hereunder, respectively, following notice and opportunity to cure, as set forth in Section 13.1 of the Agreement and Section 16.01 hereof, respectively.

"Developer" means _____, a California limited partnership, and any permitted assignees of Developer.

"Effective Date of Regulatory Agreement" is defined in the initial paragraph hereof.

“Eligible Tenant” means a household which satisfies all of the following requirements: (i) at least one member of the household is a “qualifying resident” or “senior citizen” (as those terms are defined in California Civil Code Section 51.3(b)(1)) that is fifty-five (55) years of age or older; (ii) each other member of the household is either a “qualifying resident” or “senior citizen” that is fifty-five (55) years of age or older, or is a “qualified permanent resident” or “permitted health care resident” within the meaning of California Civil Code section 51.3(b)(2), (3), and (7); and (iii) such household qualifies as (a) with respect to an Extremely Low Income Unit, an Extremely Low Income Household, (b) with respect to a 40% Very Low Income Unit, a 40% Very Low Income Household, (c) with respect to a Very Low Income Unit, a Very Low Income Household, and with respect to a 60% Low Income Unit, a 60% Low Income Household.

“Environmental Laws” means (i) Sections 25115, 25117, 25122.7 or 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) Article 9 or Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (vi) Section 311 of the Clean Water Act (33 U.S.C. §1317), (vii) Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (viii) Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.*

“Executive Director” means the person duly appointed to the position of Executive Director of Authority, or his or her designee. The Executive Director shall represent Authority in all matters pertaining to this Regulatory Agreement. Whenever a reference is made herein to an action or approval to be undertaken by Authority, the Executive Director is authorized to act unless this Regulatory Agreement specifically provides otherwise or the context should otherwise require.

“Existing WSA Units” means the seventy-three (73) apartment units existing on the WSA Property as of the Effective Date of Regulatory Agreement.

“Extremely Low Income Household” means those person(s) or households whose income does not exceed the qualifying limit for “extremely low income households”, adjusted for household size, pursuant to Health and Safety Code Section 50105, which, as of the date of this Regulatory Agreement means persons and families whose income does not exceed the qualifying limit for extremely low income households, adjusted for household size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, as published from time to time by HCD in the California Code of Regulations.

“Extremely Low Income Units” means the twenty-four (24) Affordable Units that are required to be rented to and occupied by Very Low Income Households.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Riverside, the City, and any other political subdivision, agency, instrumentality, or other entity exercising jurisdiction over Authority, Developer, the Project, or the Property.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste”, “acutely hazardous waste”, “extremely hazardous waste”, or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material”, “hazardous substance”, or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20, (ix) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., (xii) methyl-tertiary butyl ether, (xiii) perchlorate, or (xiv) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment. For purposes hereof, “Hazardous Materials” excludes materials and substances in quantities as are commonly used in constructing and operating apartment complexes, provided such materials and substances are used in accordance with all applicable laws.

“Hazardous Materials Contamination” means the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on, in or of the Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time emanating from the Property.

“HCD” means the California Department of Housing and Community Development.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Institutional Lender**” means any of the following institutions having assets or deposits in the aggregate of not less than One Hundred Million Dollars (\$100,000,000): California chartered bank; a bank created and operated under and pursuant to the laws of the United States of America; an “incorporated admitted insurer” (as that term is used in Section 1100.1 of the California Insurance Code); a “foreign (other state) bank” (as that term is defined in Section 1700(1) of the California Financial Code); a federal savings and loan association (Cal. Fin. Code Section 8600); a commercial finance lender (within the meaning of Sections 2600 et seq. of the California Financial Code); a “foreign (other nation) bank” provided it is licensed to maintain an office in California, is licensed or otherwise authorized by another state to maintain an agency or branch office in that state, or maintains a federal agency or federal branch in any state (Section 1716 of the California Financial Code); a bank holding company or a subsidiary of a bank holding company which is not a bank (Section 3707 of the California Financial Code); a trust company, savings and loan association, insurance company, investment banker; college or university; pension or retirement fund or system, either governmental or private, or any pension or retirement fund or system of which any of the foregoing shall be trustee, provided the same be organized under the laws of the United States or of any state thereof; and a Real Estate Investment Trust, as defined in Section 856 of the Internal Revenue Code of 1986, as amended, provided such trust is listed on either the American Stock Exchange or the New York Stock Exchange. Each of _____ and _____ are hereby deemed to be an Institutional Lender.

“**Legal Description**” means that certain legal description of the Property which is attached hereto and incorporated herein as Exhibit A.

“**Management Units**” means two (2) dwelling units located or to be located on the WSA Property that are not Affordable Units. The Management Units shall be used for on-site management and maintenance personnel. Each household occupying the Management Units shall, upon initial occupancy, qualify as “persons and families of moderate income” pursuant to Health and Safety Code section 50093. Subsequent to initial occupancy, no recertification shall be required of the on-site management and maintenance personnel.

“**Map**” means a map depicting the Property which is attached hereto and incorporated herein as Exhibit B.

“**Marketing Plan**” means the marketing plan for the rental of the Affordable Units which provides, to the extent authorized by applicable federal, state and local laws and regulations, that a preference be given to tenants who are currently residents of the City or currently work in the City. The Marketing Plan includes a tenant selection system in conformance with fair housing laws and the Tax Credit Rules which establishes a chronological waiting list system for selection of tenants. Developer shall not revise the Marketing Plan approved by Authority pursuant to the Agreement in any material

respect without obtaining the prior written consent of the Executive Director, which shall not be unreasonably withheld, conditioned, or delayed.

“Monthly Rent” means the total of monthly payments for (a) use and occupancy of each Affordable Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone or cable service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent.

“Notice” means a notice in the form prescribed by Section 17.01 hereof.

“Official Records” means the Official Records of the County of Riverside, California.

“Operating Budget” means an operating budget for the Project, which budget shall be subject to the annual written approval of Authority in accordance with Section 9.01 hereof.

“Operating Expenses” has the meaning ascribed thereto in each of the Authority Notes.

“Operating Reserve” means an operating reserve for the Project (i) initially consisting of not less than One Hundred Fifty-Nine Thousand Five Hundred Forty-One Dollars (\$159,541) (or such greater amount required under any Additional Regulatory Agreement, under the Partnership Agreement, or by any lender of a Project-related loan that has been approved by Authority) set aside in a separate interest-bearing trust account, commencing upon the rental of the newly constructed Affordable Units, and (ii) replenished to _____ Dollars (\$_____) from annual deposits of the Annual Project Revenue, to the extent available, such that the balance of the Operating Reserve consists of not less than three (3) months of projected Operating Expenses, adjusted annually by the CPI Adjustment (unless otherwise agreed to by Developer and Authority) or as required under the Partnership Agreement (or such greater amount required under any Additional Regulatory Agreement, or under the Partnership Agreement), provided in no event shall the balance in such account exceed a sum equal to one (1) year of debt service for the Project (or such greater amount required under the Tax Credit Regulatory Agreement, pursuant to any of the Approved Financing or under the Partnership Agreement). Developer’s requirement to maintain the Operating Reserve shall terminate at such time as the Project has achieved a minimum annual debt service ratio of 1.15 for three (3) years following the date Developer has initially rented ninety-five percent (95%) of the Affordable Units to Eligible Tenants in accordance with the terms of this Regulatory Agreement.

“Outside Construction Commencement Date” means that date which is thirty (30) days after the Effective Date of Regulatory Agreement.

“Parties” means jointly, Authority and Developer; Authority and Developer are each a **“Party.”**

“Partnership Agreement” means the agreement which sets forth the terms of Developer’s limited partnership, as such agreement may be amended from time to time.

“Permanent Financing” means a loan in an amount not to exceed the amount of the Construction Financing from an Institutional Lender to be secured by a deed of trust against the Property which replaces the Construction Financing upon Developer’s completion of the construction and stabilization of the Project.

“Project” means , (i) with respect to the WSA Property, Developer’s (a) rehabilitation of seventy-two (72) of the apartment units thereon, (b) demolition of one (1) of the apartment units thereon, and construction thereon of twenty-six (26) new apartment units, a new community building, and related amenities and site improvements, and (c) relocation of the Existing WSA Tenants; (ii) with respect to the Unimproved Real Property, Developer’s construction thereon of forty-two (42) new apartment units, a new community building, and related amenities and site improvements; and (iii) with respect to the Property, Developer’s construction of all required on-site improvements necessary to serve the apartment units in accordance with this Agreement, including, without limitation, in accordance with the Scope of Development, and the Final Construction Documents; and (iii) operation of the Property as a single cohesive affordable rental Project consisting of one hundred forty (140) residential dwelling units.

“Property” means the WSA Property and Unimproved Property.

“Regulatory Agreement” means this Regulatory Agreement.

“Release of Construction Covenants” means the document which evidences Developer’s satisfactory completion of construction of the Project, as set forth in Section 9.15 of the Agreement, substantially in the form which is attached thereto as Attachment No. 19 and incorporated therein by reference.

“Scope of Development” means that certain Scope of Development which is attached to the Agreement as Attachment No. 4 and incorporated therein by reference. The Scope of Development describes the scope, amount and quality of the construction to be done by Developer pursuant to the terms and conditions of the Agreement and this Regulatory Agreement.

“Tax Credits” means Low Income Housing Tax Credits granted pursuant to 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.*

“Tax Credit Regulatory Agreement” means the regulatory agreement which may be required to be recorded against the Property with respect to the issuance of Tax Credits for the Project.

“Tax Credit Rules” means 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.*, and the rules and regulations implementing the foregoing, as the same may be amended from time to time.

“TCAC” means the California Tax Credit Allocation Committee.

“Unimproved Real Property” means that certain real property located adjacent to the WSA Property, in the City of La Quinta, County of Riverside, State of California more particularly described in Exhibit “A”. The Unimproved Real Property is unimproved, and comprises approximately 5.7 acres

“USDA” means the United States of America, acting through the Farmer’s Home Administration, United States Department of Agriculture.

“USDA Requirements” means all requirements imposed on the Property by the USDA in connection with any loans provided to the Property and any rental subsidies provided to the tenants at the Property.

“Very Low Income Household” means those person(s) or households whose income does not exceed the qualifying limit for “very low income households,” adjusted for household size, pursuant to Health and Safety Code Section 50105, which, as of the date of this Regulatory Agreement means persons and families whose income does not exceed the qualifying limit for very low income households, adjusted for household size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, as published from time to time by HCD in the California Code of Regulations.

“Very Low Income Units” means the sixty (60) Affordable Units that are required to be rented to and occupied by Very Low Income Households.

“WSA Property” is that certain real property located at 42-800 Washington Street, in the City of La Quinta, County of Riverside, State of California more particularly described in Exhibit “A”. The WSA Property is improved with an apartment complex commonly known as the Washington Street Apartments consisting of the Existing WSA Units. The WSA Real Property comprises approximately 4.7 acres.

SECTION 2. COVENANTS REGARDING CONSTRUCTION OF THE IMPROVEMENTS.

Developer shall carry out the design, construction, and operation of the Project in compliance with applicable Governmental Requirements and all of the terms and conditions set forth in the Agreement.

SECTION 3. COVENANTS REGARDING USE.

3.01 Covenants To Use In Accordance With La Quinta Municipal Code And Agreement. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to Developer's interest in the Property or any part thereof, that Developer shall devote the Property to the uses specified in this Regulatory Agreement until the expiration of the Affordability Period. All uses conducted on the Property, including, without limitation, all activities undertaken by Developer pursuant to this Regulatory Agreement, shall conform to all applicable provisions of the La Quinta Municipal Code. The foregoing covenants shall run with the land.

3.02 Covenant Regarding Specific Uses. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to Developer's interest in the Property or any part thereof, that Developer shall use the Property to operate the Project until the expiration of the Affordability Period.

3.03 Covenants Regarding Term And Priority Of Agreement. This Regulatory Agreement shall remain in effect throughout the Affordability Period, notwithstanding the payment in full of the Authority Loans. Developer's performance under this Regulatory Agreement is secured by the Authority Deeds of Trust, and Developer shall not be entitled to a reconveyance of the Authority Deeds of Trust prior to the expiration of the Affordability Period; provided that, upon Developer's repayment of the Authority Loans, Developer shall be entitled to a partial reconveyance of the Authority Deeds of Trust solely to release therefrom Developer's obligations to repay such loan. This Regulatory Agreement shall unconditionally be and remain at all times prior and superior to the liens created by the Construction Financing, the Permanent Financing, the Tax Credit Regulatory Agreement, any other Additional Regulatory Agreement, and any other documents related to any of the foregoing and all of the terms and conditions contained therein, and to the lien of any new mortgage debt which is for the purpose of refinancing all or any part of the Construction Financing or Permanent Financing. Authority acknowledges and agrees, however, that the lien of any financing provided by USDA prior to the Effective Date of Regulatory Agreement that is secured by the WSA Property is superior to the lien of this Regulatory Agreement.

SECTION 4. COVENANTS REGARDING AFFORDABLE UNITS.

Developer shall provide for the Affordable Units in accordance with this Section.

4.01 Residential Use. Without Authority's prior written consent, which consent may be given or withheld in Authority's sole and absolute discretion, none of the Affordable Units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park, nor shall the Affordable Units be used as a place of business except as may otherwise be allowed by applicable law.

4.02 Provision of Affordable Units. Developer shall make available, restrict occupancy to, and rent the Affordable Units to Eligible Tenants at Affordable Rents throughout the Affordability Period.

4.03 Selection of Tenants. Developer, in consultation with Authority, shall be responsible for the selection of tenants for the Affordable Units in compliance with all lawful and reasonable criteria, as set forth in the Marketing Plan. Prior to selecting any tenant for an Affordable Unit, Developer shall provide all information and documentation received by Developer with respect to such prospective tenants to Authority for review and approval. Developer shall not refuse to lease to (i) a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a Section 8 program or other tenant-based assistance program, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria, or (ii) an applicant who would be qualified to be a tenant in accordance with the approved tenant selection criteria but for a poor credit rating resulting from a foreclosure of a mortgage on a single family home previously owned by the applicant.

4.04 Occupancy By Eligible Tenant. An Affordable Unit occupied by an Eligible Tenant who qualified as an Eligible Tenant at the commencement of the occupancy shall be treated as occupied by an Eligible Tenant until a recertification of such Eligible Tenant's income in accordance with Section 4.08 below demonstrates that such tenant no longer qualifies as an Eligible Tenant at the applicable income level. An Affordable Unit previously occupied by an Eligible Tenant and then vacated shall be considered occupied by an Eligible Tenant until the Affordable Unit is reoccupied, provided Developer uses its best efforts to re-lease the vacant Affordable Unit to an Eligible Tenant. Any vacated Affordable Unit shall be held vacant until re-leased to an Eligible Tenant. Developer shall take any or all of the following actions, as necessary, to locate Eligible Tenants for the Project: (i) notification to the Authority of the available Affordable Unit; and (ii) advertisement of the available Affordable Unit in a newspaper of general circulation in the City of La Quinta.

4.05 Occupancy Restrictions. The maximum number of occupants that may reside in an Affordable Unit shall be as follows: three (3) persons in a one (1) bedroom Affordable Unit, and five (5) persons in a two (2) bedroom Affordable Unit.

4.06 Income Computation and Certification. Immediately prior to an Eligible Tenant's occupancy of an Affordable Unit, Developer shall obtain an Income Computation and Certification Form in the form attached hereto and incorporated herein as Exhibit "C", or on a similar form required by any Additional Regulatory Agreement if such form requires inclusion of the same information as required in Exhibit "C", from each such Eligible Tenant dated no more than 90 days prior to the date of initial occupancy in the Project by such Eligible Tenant. In addition, Developer shall provide such further information as may be reasonably required in the future by Authority for purposes of verifying a tenant's status as an Eligible Tenant. Developer shall use good faith efforts to verify that the income provided by an applicant is accurate by taking the following steps as a part of the verification process:(i) obtain three (3) pay stubs for the most recent pay periods; (ii) obtain a written verification of income and employment from the applicant's current employer; (iii) obtain an income verification form from the Social Security Administration, California Department of Social Services, and/or

California Employment Development Department if the applicant receives assistance from any of said agencies; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other evidence and/or verification of such applicant's total income received during the calendar year from any source, taxable or nontaxable, or such other information as is satisfactory to Authority. Developer shall maintain in its records each Income Computation and Certification Form obtained pursuant to this section for a minimum of five (5) years.

4.07 Rental Priority. Subject to all applicable Governmental Requirements, and any funding obtained by Developer to operate and/or develop the Project that has been approved by Authority, during the term of this Regulatory Agreement, Developer shall use its reasonable commercial efforts to lease the Affordable Units to credit-worthy Eligible Tenants in the following order of priority: (a) Eligible Tenants who have been displaced by the former La Quinta Redevelopment Agency, or who have been or will be displaced by an activity of the Authority, or (b) Eligible Tenants who live and/or work in the City of La Quinta. Should multiple tenants be equally eligible (as to income, credit history, and other nondiscriminatory criteria) and qualified to rent a unit, Developer shall rent available Affordable Units to Eligible Tenants on a first-come, first-served basis.

4.08 Recertification. Within sixty (60) days prior to the first anniversary date of the occupancy of an Affordable Unit by an Eligible Tenant, and on each anniversary date thereafter, Developer shall recertify the income of such Eligible Tenant by obtaining a completed Income Recertification Form, in the form attached hereto and incorporated herein as Exhibit "D", based upon the current income of each known occupant of the Affordable Unit; provided, however, that if any Additional Regulatory Agreement requires Developer to obtain a recertification form which requires inclusion of the same information as required in Exhibit "D", then Developer shall not be deemed to be in default hereunder if during the term of such Additional Regulatory Agreement Developer obtains from each Eligible Tenant the recertification form required pursuant to said Additional Regulatory Agreement.

If, after renting a Very Low Income Unit, the household income increases above the income level permitted for the Very Low Income Unit, but meets the income level permitted for a Low Income Unit, the household shall continue to be permitted to reside in such Affordable Unit provided that Developer shall increase the rent for such Affordable Unit to the rent level designated for a Low Income Unit, and shall restrict and designate as a Very Low Income Unit, the next available Affordable Unit with the same number of bedrooms that is not already designated hereunder as a Very Low Income Unit.

If, after renting an Affordable Unit, the household income increases above the income level permitted for a Low Income Unit, that household may not be permitted to remain in the unit unless requiring such household to move will violate the Tax Credit Rules or other applicable law. In such event, Developer shall notify Authority in writing of such occurrence, and shall inform Authority of (1) its plans for removing the household from the Affordable Unit, or (2) the specific rule in the Tax Credit Rules that prohibits such action providing written evidence of the same.

4.09 Certification of Continuing Program Compliance. During the term of this Regulatory Agreement, on or before each March 1 following the date Authority issues a Release of Construction Covenants for the Project, Developer shall annually advise Authority of the occupancy of the Project during the preceding calendar year by delivering a Certification of Continuing Program Compliance in the form attached hereto and incorporated herein as Exhibit "E", stating (i) the Affordable Units of the Project which have been rented to and are occupied by Eligible Tenants and (ii) that to the knowledge of Developer either (a) no unremedied default has occurred under this Regulatory Agreement, or (b) a default has occurred, in which event said certification shall describe the nature of the default and set forth the measures being taken by Developer to remedy such default.

4.10 Leases; Rental Agreements for Affordable Units. Developer shall submit a standard lease form, which shall comply with the requirements of this Regulatory Agreement, to Authority for its approval. Authority shall reasonably approve such lease form upon finding that such lease form is consistent with this Regulatory Agreement. Developer shall enter into a written lease, in the form approved by Authority, with each tenant/tenant household of the Affordable Units. Developer shall not make any material changes to such form of lease without obtaining Authority's prior written consent. Any proposed increase in the monthly rent to be charged to an Eligible Household is hereby deemed material and shall require Authority's written consent prior to imposition of the same.

4.11 Reliance on Tenant Representations. Each tenant lease shall contain a provision to the effect that Developer has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease, subject to applicable law.

4.12 Monitoring and Record Keeping. Representatives of Authority shall be entitled to enter the Property during normal business hours, upon not less than twenty-four (24) hours' notice, to monitor compliance with this Regulatory Agreement, to inspect the records of the Property, and to conduct an independent audit or inspection of such records. Developer agrees to cooperate with Authority in making the Property and all Affordable Units thereon available for such inspection or audit. Developer agrees to maintain records in a businesslike manner, and to maintain copies of original tenant certifications for fifteen (15) years (or such longer period as required under the Tax Credit Rules) and all other records pertaining to the Project for five (5) years.

4.13 Remedy For Violation of Rental Requirements.

(a) It shall constitute a default for Developer to charge or accept for any Affordable Unit rent amounts in excess of the amount provided for in Section 4.02 of this Regulatory Agreement. In the event that Developer charges or receives such higher rental amounts, Developer shall be required to reimburse the tenant that occupied said Affordable Unit at the time the excess rent was

received for the entire amount of such excess rent received, provided that such tenant can be found following reasonable inquiry, and to pay to such tenant interest on said excess amount, at the rate of six percent (6%) per annum, for the period commencing on the date the first excess rent was received from said tenant and ending on the date reimbursement is made to the tenant. For purposes of this Section 4.13, “**reasonable inquiry**” shall include Developer’s review of information provided by the tenant as part of the tenant’s application, and forwarding information provided by the tenant, and Developer’s reasonable attempts to contact the tenant and any other persons listed in either of such documents. If, after such reasonable inquiry, Developer is unable to locate the tenant, Developer shall pay all of such amounts otherwise to be paid to the tenant to Authority.

(b) Except as otherwise provided in this Regulatory Agreement, it shall constitute a default for Developer to knowingly (or without inquiry and diligent review as required herein) initially rent any Affordable Unit to a tenant who is not an Eligible Tenant. In the event Developer violates this Section, in addition to any other equitable remedy Authority shall have for such default, Developer, for each separate violation, shall be required to pay to Authority an amount equal to (i) the greater of (A) the total rent Developer received from such ineligible tenant, or (B) the total rent Developer was entitled to receive for renting that Affordable Unit, plus (ii) any relocation expenses incurred by Authority or the City as a result of Developer having rented to such ineligible person. The terms of this Section shall not apply if Developer rents to an ineligible person as a result of such person’s fraud or misrepresentation.

(c) It shall constitute a default for Developer to knowingly (or without inquiry and diligent review as required herein) rent an Affordable Unit in violation of the leasing preference requirements of Section 4.07 of this Regulatory Agreement. In the event Developer violates this Section, in addition to any other equitable remedy Authority shall have for such default, Developer, for each separate violation, shall be required to pay Authority an amount equal to two (2) months of rental charges.

THE PARTIES HERETO AGREE THAT THE AMOUNTS SET FORTH IN THIS SECTION 4.13 (THE “**DAMAGE AMOUNTS**”) CONSTITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AUTHORITY WOULD SUFFER DUE TO THE DEFAULTS BY DEVELOPER SET FORTH IN THIS SECTION 4.13, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF REGULATORY AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AUTHORITY AND ACCOMPLISHMENT OF AUTHORITY’S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO ELIGIBLE TENANTS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE AMOUNTS SET FORTH IN THIS SECTION 4.13 SHALL BE THE SOLE MONETARY DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION 4.13, BUT NOTHING

IN THIS SECTION 4.13 SHALL BE INTERPRETED TO LIMIT AUTHORITY'S REMEDY FOR SUCH DEFAULT TO SUCH A DAMAGES REMEDY AND IN THAT REGARD AUTHORITY MAY DECLARE A DEFAULT UNDER THE TERMS OF EITHER OR BOTH OF THE AUTHORITY NOTES, THE AGREEMENT, OR OTHER AGREEMENTS ENTERED INTO BY AND BETWEEN AUTHORITY AND DEVELOPER. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS REGULATORY AGREEMENT.

DEVELOPER'S INITIALS:

AUTHORITY'S INITIALS:

4.14 Relationship to Additional Regulatory Agreements. Notwithstanding any other provisions set forth in this Regulatory Agreement and subject to the following sentence, to the extent that the provisions related to tenant selection, tenant income levels and unit rent levels set forth in any Additional Regulatory Agreement are less restrictive than those provisions set forth in this Section 4, then the provisions set forth in this Section 4 shall govern and control. To the extent of any inconsistency between this Regulatory Agreement and any Additional Regulatory Agreement regarding Affordable Rent for the Affordable Units, the more restrictive agreement or covenants shall prevail unless compliance with such more restrictive provisions would violate the provisions of the less restrictive document.

Developer agrees to perform all of Developer's obligations under this Regulatory Agreement, and under each of the Additional Regulatory Agreements. In the event Authority is prevented by a final, non-appealable order of a court of competent jurisdiction in a lawsuit involving the Project, or by an applicable and binding published appellate opinion, or by a final, non-appealable order of a regulatory body having jurisdiction, from enforcing, for any reason, the affordability restrictions set forth in this Regulatory Agreement or in the Agreement, then in such event Authority shall be a third-party beneficiary under the Additional Regulatory Agreements, and shall have full authority to enforce any breach or default by Developer thereunder in the same manner as though it were a breach or default hereunder. Without Authority's prior written consent, which consent may be withheld in Authority's sole and absolute discretion, Developer shall not consent to any amendment of or modification to any of the Additional Regulatory Agreements which (i) shortens the term of the affordability restrictions on the Affordable Units or (ii) modifies the affordability mix.

SECTION 5. COVENANT TO PAY TAXES AND ASSESSMENTS.

Developer shall pay prior to delinquency all ad valorem real estate taxes, special taxes, assessments and special assessments levied against the Property, subject to Developer's right to contest any such tax in good faith and any property tax exemption.

SECTION 6. COVENANTS REGARDING MAINTENANCE.

Developer shall maintain the Property and all improvements thereon, including lighting and signage, in good condition, reasonable wear and tear excepted, free of debris, waste and graffiti, and in compliance with all applicable provisions of the City of La Quinta Municipal Code, and in accordance with HUD's Housing Quality Standards. Developer shall maintain the improvements and landscaping on the Property in accordance with the "Maintenance Standards," as hereinafter defined. Such Maintenance Standards shall apply to all buildings, signage, lighting, landscaping, irrigation of landscaping, architectural elements identifying the Property and any and all other improvements on the Property. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Regulatory Agreement.

Developer and its maintenance staff, contractors or subcontractors shall comply with the following standards (the "**Maintenance Standards**"):

(a) The Property shall be maintained in good condition and in accordance with the custom and practice generally applicable to comparable high quality, well-managed apartment complexes, including but not limited to painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curblin.

(b) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(c) Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths, and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris, or other matter which is unsafe or unsightly; removal of all trash, litter, and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves, and other debris are properly disposed of by maintenance workers.

Upon Authority's written notification to Developer of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency, or such longer period as is reasonably necessary to complete the cure, provided Developer commences the correction, remedy, or cure within such thirty (30) day period and diligently pursues such correction, remedy, or cure to completion.

SECTION 7. COVENANTS REGARDING MANAGEMENT.

Developer shall provide for the management of the Project in accordance with this Section.

7.01 Property Manager. Developer shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with property management standards for other comparable high quality, well-managed rental housing projects in Riverside County, California. Developer may contract with a property management company or property manager to operate and maintain the Project in accordance with the terms of this Section (“**Property Manager**”); provided, however, the selection and hiring of the Property Manager (and each successor or assignee) is and shall be subject to prior written approval of Authority. Developer shall conduct due diligence and background evaluation of any potential outside property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have prior experience with projects and properties comparable to the Project and the references and credit record of such manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to Authority for review and approval. A complete and true copy of the results of such background evaluation shall be provided to Authority. Approval of a Property Manager by Authority shall not be unreasonably withheld or delayed and shall be in Authority’s reasonable discretion, and Authority shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved Property Manager shall not be changed without the prior written approval of Authority, which approval shall not be unreasonably delayed, and shall be in Authority’s reasonable discretion. The selection by Developer of any new Property Manager also shall be subject to the foregoing requirements. Authority hereby approves _____ as the Property Manager.

7.02 Management Plan. Prior to and as one of Authority’s conditions to the Property Closing under the Agreement, Developer shall have prepared and submitted to the Executive Director for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long-term marketing for the Affordable Units, operation, maintenance, repair, and security of the Project, method of selection of tenants, rules and regulations for tenants, and other rental policies for the Affordable Units (the “**Management Plan**”). Subsequent to approval of the Management Plan by the Executive Director, the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Developer and Property Manager may from time to time submit to the Executive Director proposed amendments to the Management Plan, which are also subject to the prior written approval of the Executive Director.

7.03 Social Services. Developer shall create a comprehensive social service program that is targeted to the needs of the residents of the Project which shall include,

in addition to all of the services listed in Developer's applications for Tax Credits, the following services: _____ - _____, and the availability of a bona fide services coordinator or social worker to the tenants. Developer shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled, including with respect to the appropriate means and methods of communicating and interacting with residents. Any substantive change in the scope, amount, or type of supportive services to be provided at the Property shall be subject to prior reasonable approval of Authority. Authority shall respond to any such proposed changes within thirty (30) days after submittal to Authority by Developer.

7.04 Gross Mismanagement. In the event of "Gross Mismanagement" (as that term is defined below) of the Affordable Units or any part of the Project, Authority shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of sixty (60) days from the date of Notice from Authority. If such condition(s) acts, or inactions of gross mismanagement do persist beyond such period, Authority shall have the sole and absolute right to immediately and without further notice to Developer (or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of Authority's selection at the sole cost and expense of Developer. If Developer takes steps to select a new property manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term "**Gross Mismanagement**" shall mean management of any part of the Project in a manner which materially violates the terms and/or intention of this Regulatory Agreement to operate a high quality, well-managed residential complex, and shall include, but is not limited to, any one or more of the following:

- (a) knowingly leasing Affordable Units to tenants who exceed the prescribed income levels;
- (b) knowingly allowing the tenants of Affordable Units to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
- (c) underfunding Capital Replacement or Operating Reserve accounts, unless funds are not available to deposit in such accounts;
- (d) failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;
- (e) failing to submit timely and/or adequate annual reports to Authority as required herein;

(f) committing fraud or embezzlement with respect to Project funds, including without limitation funds in the reserve accounts;

(g) failing to reasonably cooperate with the Riverside County Sheriff's Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

(h) failing to reasonably cooperate with the Fire District or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

(i) failing to reasonably cooperate with the La Quinta Planning & Building Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Property and/or Project, in maintaining a safe environment within the Project; and

(j) spending funds from the Capital Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) (and/or, as applicable, generally accepted auditing principles), except as required by any lender or a Project-related loan that has been approved by Authority, the Investor, or TCAC.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Developer is obligated and shall use its best efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Developer shall include advisement and provisions of the foregoing requirements and requirements of this Regulatory Agreement within any contract between Developer and its Property Manager.

7.05 Code Enforcement. Developer acknowledges and agrees that the City and its employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual Affordable Units, both exterior and interior, at reasonable times and upon reasonable notice (not less than 48 hours prior notice) to Developer and/or an individual tenant. If such notice is provided by City or its representative(s) to Developer, then Developer (or its Property Manager) shall immediately and directly advise tenants of such upcoming inspection and cause access to the area(s) and/or units to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the lease/rental agreements for each Affordable Unit in order for each and every tenant and tenant household to be aware of this inspection right.

7.06 Drug Free Covenant. Developer shall use its best efforts to maintain a drug free environment on the Property. Developer covenants to Authority that Developer shall use its best efforts to ensure that all persons working or residing on the Property shall not unlawfully manufacture, distribute, dispense, possess or use controlled substances, as said term is defined in 21 United States Code Section 812

and California Health and Safety Code Section 11007 (or successor statutes), including marijuana, heroin, cocaine, and amphetamines on the Property.

SECTION 8. COVENANTS REGARDING NONDISCRIMINATION.

Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, or any part thereof, nor shall Developer, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

Developer agrees for itself and any successor in interest that Developer shall refrain from restricting the rental, sale, or lease of any portion of the Property, or contracts relating to the Property, on the basis of race, color, creed, religion, sex, marital status, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: "That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,

tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, 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 in the premises herein leased.”

(c) In contracts pertaining to the realty: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The covenants established in this Regulatory Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, the City and any successor in interest to the Property, together with any property acquired by Developer pursuant to this Regulatory Agreement, or any part thereof. The covenants against discrimination shall remain in effect in perpetuity.

SECTION 9. OPERATING BUDGET OR ANNUAL BUDGET; ANNUAL REPORTS

9.01 Operating Budget. Developer shall submit to Authority on or before December 1 of each year during the Affordability Period an operating budget for the Project (“**Operating Budget**” or “**Annual Budget**”), which budget, including the format thereof, shall be subject to the written approval of the Executive Director or designee, which approval shall not be unreasonably withheld or conditioned so long as such budget is not inconsistent with this Regulatory Agreement. The Executive Director’s discretion in review and approval of each proposed annual Operating Budget or Annual Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: extent, type, and amount for social services at or associated with the Project; existing balance(s) in and proposed deposits to the Capital Replacement Reserve to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits (provided that required annual deposits thereto are not required to exceed \$___/per unit unless required by any other lender or the Investor); reasonableness and conformity to prevailing market rates in Riverside County and rates and fees for goods and services to be provided by Developer or any Affiliate thereof. In the event Developer requires an amendment to an approved Annual Budget during an applicable year of the Affordability Period, then Developer shall submit a written request to the Executive Director explaining the requested amendment and reasons therefor; the Executive Director shall reasonably review and approve (or

disapprove) each request for an amendment to an approved Annual Budget. The Executive Director shall communicate to Developer his or her reasonable approval or disapproval of a proposed annual Operating Budget or Annual Budget within thirty (30) days after receipt thereof; as to each amendment, the Executive Developer shall communicate to Developer his or her reasonable approval or disapproval within fifteen (15) days after receipt of a complete submittal requesting an amendment to an approved Annual Budget. In the event the Executive Director fails to approve a proposed annual Operating Budget or Annual Budget within thirty (30) days after receipt thereof, Developer may operate the Project in accordance with such proposed annual Operating Budget or Annual Budget until the Executive Director notifies Developer that such proposed annual Operating Budget or Annual Budget is not approved; provided, however, that in such case any expenditure made by Developer prior to the Executive Director's notification that the proposed annual Operating Budget or Annual Budget is not approved shall be deemed an approved expenditure.

9.02 Annual Reports. Developer covenants and agrees to submit to Authority an annual report (the "**Annual Report**"), which shall include the information required by California Health & Safety Code Section 33418. The Annual Report shall include for each Affordable Unit the rental rate and the income and family size of the occupants. The Developer shall submit the Annual Report on or before February 15 of the year following the year covered by the Annual Report. The Developer shall provide for the submission of household information and certification in its leases with tenants.

SECTION 10. COVENANTS REGARDING CAPITAL REPLACEMENT RESERVE.

Promptly upon the issuance of the Certificate of Occupancy, Developer shall establish the Capital Replacement Reserve. Funds in the Capital Replacement Reserve shall be used only for capital repairs, improvements, and replacements to the Project fixtures and equipment which are normally capitalized under generally accepted accounting principles or as otherwise required by any lender of a Project-related loan that has been approved by Authority, the Investor, or TCAC. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve or lessen Developer's obligation to undertake any and all necessary capital repairs, improvements, or replacements and to continue to maintain the Project in the manner prescribed herein. Not less than once per year, Developer, at its expense, shall submit to Authority an accounting for the Capital Replacement Reserve. Unless required by any lender of a Project-related loan that has been approved by Authority, the Investor, or TCAC, capital repairs to and replacement of the Project shall include only those items with a long useful life, including, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; sewer line replacement; water line replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting.

SECTION 11. COVENANTS REGARDING OPERATING RESERVE.

Promptly upon the issuance of the Certificate of Occupancy, Developer shall establish the Operating Reserve. The Operating Reserve shall be used to cover shortfalls between Annual Project Revenue and actual operating expenses, but shall in no event be used to pay for capital items or capital costs properly payable from the Capital Replacement Reserve. Developer shall, not less than once per every twelve (12) months, submit to Authority evidence reasonably satisfactory to Authority of compliance herewith.

SECTION 12. EFFECT OF VIOLATION OF THE TERMS AND PROVISIONS OF THIS REGULATORY AGREEMENT AFTER COMPLETION OF CONSTRUCTION.

Authority is deemed the beneficiary of the terms and provisions of this Regulatory Agreement and of the covenants running with the land, without regard to whether Authority has been, remains or is an owner of any land or interest therein in the Property or in the Project. Authority shall have the right, if this Regulatory Agreement or any of the covenants herein are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Regulatory Agreement and covenants may be entitled. The City is hereby deemed to be a third party beneficiary of this Regulatory Agreement and the covenants contained herein with the right, but not the obligation, to enforce the terms hereof. Except as provided in the following sentence, the covenants contained in this Regulatory Agreement shall remain in effect until the expiration of the Affordability Period. The covenants regarding discrimination as set forth in Section 8 shall remain in effect in perpetuity.

SECTION 13. COMPLIANCE WITH LAWS; ENVIRONMENTAL MATTERS.

13.01 Compliance With Laws. Developer shall comply with (i) all Governmental Requirements applicable to the Project and/or Property, and (ii) all rules and regulations of any assessment district of the City with jurisdiction over the Property.

13.02 Indemnity. Developer shall save, protect, defend, indemnify and hold harmless Authority and the City and their respective officers, officials, directors, members, employees, agents, and representatives from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines, and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, reasonable attorneys' fees, and remedial and response costs) (the foregoing are hereinafter collectively referred to as "**Liabilities**") which may now or in the future be incurred or suffered by Authority or City or their respective officers, officials, directors, members, employees, agents, or representatives by reason of, resulting from, in connection with, or existing in any manner whatsoever as a direct or indirect result of (i) Developer's placement on or under the Property of any Hazardous Materials or Hazardous Materials Contamination, (ii) the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials or

Hazardous Materials Contamination that first accrues and occurs after the Property Closing Date, or (iii) any Liabilities incurred under any Governmental Requirements relating to the acts described in the foregoing clauses (i) and (ii). Notwithstanding the foregoing, Developer shall have no liability or indemnification obligation resulting from any Hazardous Materials or Hazardous Materials Contamination that occurred or first accrued prior to the Property Closing Date (any of the foregoing, “**Preexisting Contamination**”).

13.03 Duty to Prevent Hazardous Material Contamination. Developer shall take commercially reasonable action to prevent the release of any Hazardous Materials into the environment. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with the standards generally applied by apartment complexes in Riverside County, California as respects the disclosure, storage, use, removal, and disposal of Hazardous Materials.

13.04 Obligation of Developer to Remediate Premises. Notwithstanding the obligation of Developer to indemnify Authority, City, and their respective officers, officials, members, employees, agents, and representatives pursuant to Section 13.02, and provided no Hazardous Materials exist on the Property as a result of Authority’s actions or any Preexisting Contamination, Developer shall, at its sole cost and expense, promptly take (i) all actions required by any federal, state, regional, or local governmental agency or political subdivision or any Governmental Requirements and (ii) all actions necessary to make full economic use of the Property for the purposes contemplated by this Regulatory Agreement and the Agreement, which requirements or necessity arise from the presence upon, about or beneath the Property, of any Hazardous Materials or Hazardous Materials Contamination. Such actions shall include, but not be limited to, the investigation of the environmental condition of the Property, the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal or restoration work.

13.05 Environmental Inquiries. Developer, when it has received any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, or cease and desist orders related to Hazardous Materials or Hazardous Materials Contamination, or when Developer is required to report to any governmental agency any violation or potential violation of any Governmental Requirement pertaining to Hazardous Materials or Hazardous Materials Contamination, shall concurrently notify the Executive Director, and provide to him/her a copy or copies, of the environmental permits, disclosures, applications, entitlements, or inquiries relating to the Property, the notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements, and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Developer shall report to the Executive Director, as soon as possible after each incident, any unusual, potentially important incidents.

In the event of a responsible release of any Hazardous Materials into the environment, Developer shall, as soon as possible after it becomes aware of the release, furnish to the Executive Director a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of the Executive Director, Developer shall furnish to the Executive Director a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Property including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

SECTION 14. INSURANCE REQUIREMENTS.

14.01 Commercial General Automobile Liability; Worker's Compensation. Commencing on the Property Closing Date and continuing throughout the term of this Agreement, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to the Executive Director, the following policies of insurance:

(a) Commercial General Liability Insurance covering bodily injury, property damage, personal injury and advertising injury written on a per-occurrence and not a claims-made basis containing the following minimum limits:(i) general aggregate limit of Three Million Dollars (\$3,000,000.00); (ii) products-completed operations aggregate limit of Three Million Dollars (\$3,000,000.00); (iii) personal and advertising injury limit of One Million Dollars (\$1,000,000.00); and (iv) each occurrence limit of One Million Dollars (\$1,000,000.00). Said policy shall include the following coverages:(i) blanket contractual liability (specifically covering the indemnification clause contained below); (ii) products and completed operations; (iii) independent contractors; (iv) Owner's broad form property damage; (v) severability of interest; (vi) cross liability; and (vii) property damage liability arising out of the so-called "XCU" hazards (explosion, collapse and underground hazards). The policy shall be endorsed to have the general aggregate apply to this Project only.

(b) A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure, and provide legal defense for Authority and Developer against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Developer in the course of carrying out the work or services contemplated in this Regulatory Agreement, and Employers Liability Insurance in an amount not less than One Million Dollars (\$1,000,000) combined single limit for all damages arising from each accident or occupational disease.

(c) A policy of comprehensive automobile liability insurance written on a per-occurrence basis in an amount not less than Two Million Dollars (\$2,000,000.00) combined single limit covering all owned, non-owned, leased and hired vehicles used in connection with the Work.

14.02 Builder's Risk. Commencing on the Property Closing Date and continuing until Authority issues a Release of Construction Covenants for the Project, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority's Executive Director, Builder's Risk (course of construction) insurance coverage in an amount equal to the full cost of the hard construction costs of the Project. Such insurance shall cover, at a minimum: all work, materials, and equipment to be incorporated into the Project; the Project during construction; the completed Project until such time as the City issues a final certificate of occupancy for the Project, and storage and transportation risks. Such insurance shall protect/insure the interests of Developer/owner and all of Developer's contractor(s), and subcontractors, as each of their interests may appear. If such insurance includes an exclusion for "design error," such exclusion shall only be for the object or portion which failed. Authority shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

14.03 Property; Business Interruption; Boiler and Machinery Insurance. Commencing on the date Authority issues a Release of Construction Covenants for the Project and continuing throughout the Affordability Term, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority's Executive Director, the following insurance:

(a) Insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Riverside County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquakes to the extent generally and commercially available at commercially reasonable rates, if such insurance is generally obtained for affordable Projects in the county of Riverside. Authority shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

(b) Business interruption and extra expense insurance to protect Authority and Developer covering loss of revenues and/or extra expense incurred by reason of the total or partial suspension or delay of, or interruption in, the operation of the Project caused by loss or damage to, or destruction of, any part of the insurable real property structures or equipment as a result of the perils insured against under the all risk physical damage insurance, covering a period of suspension, delay or interruption of at least twelve (12) months, in an amount not less than the amount required to cover such business interruption and/or extra expense loss during such period.

(c) Boiler and machinery insurance in the aggregate amount of the full replacement value of the equipment typically covered by such insurance.

14.04 Contract Insurance Requirements. Developer shall cause any general contractor with whom it has contracted for the performance of work on the Property to

secure, prior to commencing any activities hereunder and maintain insurance that satisfies all of the requirements of this Section 14.

14.05 Additional Requirements. The following additional requirements shall apply to all of the above policies of insurance:

(a) All of the above policies of insurance shall be primary insurance and, except the Worker's Compensation, Employer Liability insurance, and automobile liability insurance, shall name Authority, City and their respective officers, officials, directors, members, employees, agents, and representatives (collectively, "**Authority and City and Authority and City Personnel**") as additional insureds on an ISO Form CG 20:10 (current version) or substantially similar form and not an ISO Form CG 20:09. The insurer shall waive all rights of subrogation and contribution it may have against Authority and City and Authority and City Personnel and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days' prior written notice to Authority. In the event any of said policies of insurance are cancelled, Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director. Not later than the Effective, Developer shall provide the Executive Director with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders shall be subject to the reasonable approval of the Executive Director.

(b) The policies of insurance required by this Regulatory Agreement shall be satisfactory only if issued by companies of recognized good standing authorized to do business in California, rated "A-" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Executive Director due to unique circumstances.

(c) The Executive Director is hereby authorized to reduce or otherwise modify Developer's insurance requirements set forth herein in the event they collectively determine, in their sole and absolute discretion, that such reduction or modification is consistent with reasonable commercial practices.

(d) The Developer agrees that the provisions of this Section shall not be construed as limiting in any way Authority's right to indemnification or the extent to which Developer may be held responsible for the payment of damages to any persons or property resulting from Developer's activities or the activities of any person or persons for which Developer is otherwise responsible.

14.06 Indemnification. Developer shall defend (by counsel satisfactory to Authority), assume all responsibility for and hold Authority and the City, and their respective officers, officials, directors, members, agents, representatives, and employees, harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including expert witness fees, attorneys fees and costs), which may be caused by the activities or performance of Developer or any of

Developer's employees, agents, representatives, contractors, or subcontractors under (i) this Regulatory Agreement, (ii) a claim, demand or cause of action that any person has or asserts against Developer; (iii) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person with respect to the Property; or (iv) the ownership, occupancy or use of the Property by Developer, whether such damage shall accrue or be discovered before or after termination of this Regulatory Agreement. Notwithstanding the foregoing, Developer shall have no obligation under this section 14.06 to indemnify, defend or hold harmless Authority, the City, or their respective officers, officials, directors, members, agents, representatives, or employees to the extent the claim, damage or injury results from the gross negligence or willful misconduct of any of the foregoing indemnified parties. The obligations and indemnifications in this Section 14.06 shall constitute covenants running with the land.

SECTION 15. ASSIGNMENT.

15.01 Generally Prohibited. Except as otherwise expressly provided to the contrary in this Regulatory Agreement or the Agreement, Developer shall not assign any of its rights or delegate any of its duties under this Regulatory Agreement, nor shall any changes occur with respect to the ownership and/or control of Developer, including, without limitation, stock transfers, sales of issuances, or transfers, sales or issuances of membership or ownership interests, or statutory conversions, without the prior written consent of the Executive Director, which consent may be withheld in his or her sole and absolute discretion. Any such assignment or delegation without such consent shall, at Authority's option, be void. Notwithstanding the foregoing, however, (i) Developer may admit Developer's Tax Credit investor as a Tax Credit limited partner without obtaining any consent, and such Tax Credit investor may assign its interests as a Tax Credit limited partner to a subsequent reputable institutional investor without any consent; (ii) the Tax Credit investor may remove the general partner for a default under the Partnership Agreement, provided the replacement general partner is reasonably acceptable to Authority; and (iii) Developer may grant to the general partner an option and right of first refusal to purchase the Project or the Investor's limited partnership interest, and the general partner, or its affiliate, may exercise such option or right of first refusal to acquire the Project or the limited partnership interest. For purposes of this Section 15.01, if the Tax Credit investor transfers to an entity in which the Tax Credit investor or an Affiliate of the Tax Credit investor is the general partner or managing member such transferee entity shall be deemed to be a "reputable institutional investor." This Section 15.01 shall not be applicable to the leasing of Affordable Units to Eligible Tenants in accordance with this Regulatory Agreement.

15.02 Release of Developer. Upon any such assignment made in compliance with Section 15.01 above which is evidenced by a written assignment and assumption agreement in a form approved by Authority's counsel, Developer shall be released from any liability under this Regulatory Agreement arising from and after the date of such assignment.

SECTION 16. DEFAULTS AND REMEDIES.

16.01 Default. Subject to the extensions of time set forth in Section 17.02 of this Regulatory Agreement, failure by either Party to perform any action or covenant required by this Regulatory Agreement or under the Agreement within the time periods provided herein and therein following Notice and failure to cure as described hereafter, constitutes a “**Default**” under this Regulatory Agreement. A Party claiming a Default shall give written Notice of Default to the other Party specifying such Default. Except as otherwise expressly provided in this Regulatory Agreement or in the Agreement, the claimant shall not institute any proceeding against any other Party, and the other Party shall not be in Default if such party within thirty (30) days from receipt of such Notice, cures, corrects or remedies such failure or delay, or if such Default cannot reasonably be cured within thirty (30) days, such Party commences such cure within thirty (30) days of receipt of such Notice and thereafter diligently prosecutes such cure to completion. The Investor limited partner of Developer shall have the notice and cure rights set forth in the Deed of Trust.

16.02 Remedies; Institution of Legal Actions. Developer’s sole remedy for Authority’s breach of this Regulatory Agreement shall be to institute an action at law or equity to seek specific performance of the terms of this Regulatory Agreement. Developer shall not be entitled to recover damages for any Default of Authority hereunder. Authority shall be entitled to seek any remedy available at law and in equity for Developer’s breach of this Regulatory Agreement. All legal actions must be instituted in the Superior Court of the County of Riverside, State of California, or in the United States District Court for District of California in which Riverside County is located.

16.03 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Authority, service of process on Authority shall be made by personal service upon the Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced by Authority against Developer, service of process on Developer shall be made in such manner as may be provided by law.

16.04 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Regulatory Agreement, the rights and remedies of the Parties 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 any other Default by the other Party.

16.05 Inaction Not a Waiver of Default. Any failures or delays by either Party 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, or deprive either such Party 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.

16.06 Applicable Law. The internal laws of the State of California shall govern the interpretation and enforcement of this Regulatory Agreement, without regard to conflict of law principles.

SECTION 17. GENERAL PROVISIONS.

17.01 Notices, Demands and Communications Between the Parties. Any notices, requests, demands, documents, approvals or disapprovals given or sent under this Regulatory Agreement from one Party to another (collectively, “**Notices**”) may be personally delivered, delivered by reputable courier that provides a receipt with the date and time of delivery, or deposited with the United States Postal Service for mailing, postage prepaid, to the address of the other Party as stated in this Section, and shall be deemed to have been given or sent at the time of personal delivery, delivery by courier, or, if mailed, on the second day following the date of deposit in the course of transmission with the United States Postal Service. Notices shall be sent as follows:

If to Authority: La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Phone No.:
Facsimile No.:
Attention: Executive Director

With copies to: Rutan & Tucker, LLP
611 Anton, Suite 1400
Costa Mesa, CA92626
Phone No.: 714-641-5100
Facsimile No.: 714-546-9035
Attention: William H. Ihrke, Esq.

If to Developer: _____
Phone No.: _____
Facsimile No.: _____
Attention: _____

With a copy to:

17.02 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Regulatory Agreement, performance by either Party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Regulatory Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; 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, subcontractor or supplier; acts or omissions of the other Party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of Authority which shall not excuse performance by Authority); or any other causes beyond the control or without the fault of the Party

claiming an extension of time to perform. Notwithstanding anything to the contrary in this Regulatory Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other party within ten (10) days of the commencement of the cause. Times of performance under this Regulatory Agreement may also be extended in writing by the mutual agreement of Authority and Developer. Notwithstanding any provision of this Regulatory Agreement to the contrary, the lack of funding to complete the construction of the Project shall not constitute grounds of enforced delay pursuant to this Section.

17.03 Relationship Between Authority and Developer. It is hereby acknowledged by Developer that the relationship between Authority and Developer is not that of a partnership or joint venture and that Authority and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, Authority shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project. Developer agrees to indemnify, hold harmless and defend Authority from any claim made against Authority arising from a claimed relationship of partnership or joint venture between Authority and Developer with respect to the development, operation, maintenance or management of the Property or the Project, except to the extent occasioned by the active negligence or willful misconduct of Authority or its designated agents or employees.

17.04 No Third Party Rights. With the exception of the City, the Parties intend that no rights nor remedies be granted to any third party as a beneficiary of this Regulatory Agreement or of any covenant, duty, obligation or undertaking established herein.

17.05 Authority Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Authority, the Executive Director is authorized to act on behalf of Authority unless this Regulatory Agreement specifically provides otherwise or the context should require otherwise.

17.06 Counterparts. This Regulatory Agreement may be signed in multiple counterparts which, when signed by all Parties, shall constitute a binding agreement.

17.07 Integration. This Regulatory Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Regulatory Agreement. Each Party is entering this Regulatory Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such party deems material. This Regulatory Agreement constitutes the entire understanding and agreement of the Parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

17.08 Real Estate Brokerage Commission. Authority and Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction, and each agrees to defend and hold

harmless the other from any claim to any such commission or fee resulting from any action on its part.

17.09 Attorneys' Fees. In any action between the Parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with, any of the terms or provisions of this Regulatory Agreement, the prevailing Party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs, expenses including, without limitation, litigation costs, reasonable attorneys' fees, and expert witness fees.

17.10 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe, or limit the scope or the intent of this Regulatory Agreement or of any of its terms. Reference to section numbers are to sections in this Regulatory Agreement, unless expressly stated otherwise.

17.11 Interpretation. As used in this Regulatory Agreement, masculine, feminine, or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "**including**" shall be construed as if followed by the words "**without limitation.**" This Regulatory Agreement shall be interpreted as though prepared jointly by both Parties.

17.12 No Waiver. All waivers of the provisions of this Regulatory Agreement must be in writing by the appropriate authorities of Developer and Authority. A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Regulatory Agreement to be performed by the other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Regulatory Agreement.

17.13 Modifications. Any alteration, change or modification of or to this Regulatory Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

17.14 Severability. If any term, provision, condition or covenant of this Regulatory Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Regulatory Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

17.15 Computation of Time. The time in which any act is to be done under this Regulatory Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "**holiday**" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

17.16 Legal Advice. Each Party represents and warrants to the other the following: they have carefully read this Regulatory Agreement, and in signing this

Regulatory Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Regulatory Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Regulatory Agreement; and, they have freely signed this Regulatory Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Regulatory Agreement, and without duress or coercion, whether economic or otherwise.

17.17 Time of Essence. Time is expressly made of the essence with respect to the performance by Authority and Developer of each and every obligation and condition of this Regulatory Agreement.

17.18 Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Regulatory Agreement including, but not limited to, releases or additional agreements.

17.19 Non-Liability of Officials and Employees of Authority. No member, director, officer, employee, or volunteer of Authority shall be personally liable to Developer, or any successor in interest, in the event of any Default or breach by Authority or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Regulatory Agreement. Developer hereby waives and releases any claim it may have against the members, directors, officers, employees, and volunteers of Authority with respect to any Default or breach by Authority or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Regulatory Agreement. Developer makes such release with full knowledge of Civil Code Section 1542 and hereby waives any and all rights thereunder to the extent of this release, if such Section 1542 is applicable. Section 1542 of the Civil Code provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Developer's Initials

[End – signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Regulatory Agreement as of the respective dates set forth below.

“Authority”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Frank J. Spevacek, Executive
Director

“Developer”

_____,
a California limited partnership

By: _____
Its: _____

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

All of that certain real property located in the City of La Quinta, County of Riverside, State of California, described as follows:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

EXHIBIT B

MAP

[See following page]

EXHIBIT C
INCOME COMPUTATION AND CERTIFICATION FORM

(See following document)

LA QUINTA HOUSING AUTHORITY
78-495 Calle Tampico, La Quinta, CA 92253

INCOME COMPUTATION AND CERTIFICATION FORM
(Affordable Housing Eligibility for Renter Occupied Unit)

PART I. PROPERTY FINANCED WITH GOVERNMENT ASSISTANCE

Property Address: _____

PART II. TENANT HOUSEHOLD INFORMATION

		Date of Birth	Soc. Sec. #	Relationship

TOTAL NUMBER OF PERSONS IN HOUSEHOLD: _____ (Please list information on other household members below)

Mailing Address: _____ Telephone Numbers: _____ Work(____)
 _____ Home (____) _____

PART III. GROSS HOUSEHOLD INCOME Complete the following, attach copies of required verification as specified below. Attach a note explaining any significant changes in household income between the previous year and the current year. INFORMATION IS REQUIRED FOR ALL MEMBERS OF THE HOUSEHOLD AGE 18 OR OLDER REGARDLESS OF WHETHER THEY CONTRIBUTE TO THE COSTS OF THE HOUSEHOLD. If you are not required to file a tax return, please indicate this in Part V by your signature.

	ANN INCOME for owner	ANN INCOME others in hshld	VERIFICATIONS (needed for file)
A. Employment earnings			Last tax return & last 3 pay stubs, employer verification
B. Self-employment earnings			Last 2 tax returns & current financial stmt
C. Social Security (OASDI)			Annual award letter
D. Supplemental Security Income (SSI)			Annual award letter
E. Public assistance (AFDC, general assistance, unemployment, etc.)			Current benefit statement
F. Pension (s)			Annual award letter, year end stmt, W-2
G. Interest income			Last 2 statements for all accounts
H. Investment income (stocks, bonds,			Last 2 statements for all accounts

real estate, etc.)			
I. Room rental			Rental agreement, copies of checks, etc.
J. Other income (list type/source)			
K. TOTAL INCOME (sum of A thru J)			/ 12 months = _____ mo. income

PART IV. PROPERTY STATUS

Will this property be your primary residence? _____

Will someone other than the individuals listed above be occupying this property? _____

If yes - Name of occupants: _____

Telephone Number: _____ Mailing Address: _____

My/our housing expenses are as follows:

- 1. Monthly tenant rent _____
- 2. Average monthly utilities _____

PART V. TENANT CERTIFICATION

I/We understand that after the initial eligibility determination, completion of monitoring forms is required on an annual basis. I/We certify that I/we have disclosed all information pertaining to my/our application and that the information presented in the foregoing Sections I through IV is true and accurate to the best of my (our) knowledge.

Tenant Date

Tenant Date

For more information regarding this application, please contact management staff at (760) _____.

FOR OFFICE USE ONLY

- _____ Information verified
- _____ Income category
- _____ Maximum allowable annual income (_____% of median)
- _____ Applicant's annual income _____ gross monthly _____ max housing costs

Comments: _____

Management Staff Date

EXHIBIT D
INCOME RECERTIFICATION FORM

(See following document)

LA QUINTA HOUSING AUTHORITY
78-495 Calle Tampico, La Quinta, CA 92253

INCOME RECERTIFICATION FORM
(Renter Occupied Unit)

PART I. GENERAL INFORMATION

1. Property Owner Name _____
2. Renter Name _____
3. Property Address _____
La Quinta, CA 92623(Please include P.O. Box No. if applicable)
4. Has there been a change in ownership of this property during the preceding 12 month period?
Yes()No()

(If yes, please explain) _____

PART II. UNIT INFORMATION

5. Number of Bedrooms _____
6. Number of Occupants _____
Names:

PART III. AFFIDAVIT OF RENTER

I, _____, and I, _____, as renters of units assisted pursuant to the La Quinta Housing Authority's (the "**Authority**") Affordable Housing Program (the "**Program**"), do hereby represent and warrant that the following computation includes all income (I/we) **anticipate receiving for the 12-month period commencing on January 1, 20__** (including the renter(s) and all family members of the renters):

- (a) amount of wages, salaries, overtime pay, commissions, fees, tips and bonuses, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (before payroll deduction) _____
- (b) net income from business or profession or rental of property (without deduction for repayment of debts or expansion of business) _____
- (c) interest and dividends _____
- (d) periodic receipts such as social security, annuities, pensions, retirement funds, insurance policies, disability or death benefits, alimony, child support, regular contributions or gifts from persons not occupying unit _____
- (e) public assistance allowance or grant plus excess of maximum allowable for shelter or utilities over the actual allowance for such purposes _____

(f) regular and special pay and allowances of a member of armed services (whether or not living in the dwelling) who is head of the family or spouse _____

Subtotal (a) through (f) _____

LESS: Portion of above items which are income of a family member who is less than 18 years old or a full-time student (_____)

TOTAL ELIGIBLE INCOME _____

NOTE: The following items are not considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payment such as inheritances, insurance payments, capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; government benefits to a veteran for education; special pay to a serviceman head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

2. This affidavit is made with the knowledge that it will be relied upon by the Landlord and Authority to determine maximum income for eligibility and (I/we) warrant that all information set forth in this Part III is true, correct and complete and based upon information (I/we) deem reliable and that the estimate contained in paragraph 1 is reasonable and based upon such investigation as the undersigned deemed necessary.
3. (I/We) will assist the Landlord and Authority in obtaining any information or documents required to verify the statements made in this Part III and have **attached hereto a copy of our federal income tax return for the last year (20__)**.
4. (I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with the Landlord to rent the unit and will additionally enable Authority to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

B. (My/Our) monthly housing expenses are limited to the following:

1. Base rent _____
2. Average Monthly Utilities _____
3. Other (explain) _____

(I/We) understand that completion of monitoring forms is required on an annual basis and agree to notify the La Quinta Housing Authority in writing of any change in ownership or rental of the unit. (I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Date _____

Renter(s)

EXHIBIT E

FORM OF CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

(See following document)

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

The undersigned, being duly authorized to execute this certificate on behalf of _____, owner of the _____ Project, hereby represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the Affordable Housing Regulatory Agreement between the La Quinta Housing Authority and _____.

2. As of June 30, 20__, the following number of residential units in the Project (i) are currently occupied by tenants qualifying as Extremely Low Income Households at Affordable Rents; (ii) are currently occupied by tenants qualifying as 45% Very Low Income Households at Affordable Rents; (iii) are currently occupied by tenants qualifying as Very Low Income Households at Affordable Rents; or (iv) are currently vacant and being held available for occupancy by Eligible Tenants and have been so held continuously since the date Eligible Tenants vacated such unit, as indicated:

- i. _____ Units occupied by Extremely Low Income Households
- ii. _____ Units occupied by 45% Very Low Income Households
- iii. _____ Units occupied by Very Low Income Households
- iv. _____ vacant Units

3. The unit number, unit size, rental amount charged and collected, number of occupants, and the income of the occupants for each Affordable Unit in the Project are set forth on the attached list. All Affordable Units in the Project are rented at Affordable Rent.

DEVELOPER NAME

_____,
a California limited partnership

Dated: _____, 20__

By: _____

(Printed name and title)

ATTACHMENT NO. 18

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

[See following document]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attn: Executive Director

Exempt From Recording Fee Pursuant to Government Code § 27383

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice:

Affordable housing restrictions have been recorded with respect to the property described below (referred to in this Notice as the “**Property**”) which require that the Property be developed as an affordable rental housing development and that all of the units be rented to and occupied by persons and households of limited income at affordable rents.

Title of Document Containing Affordable Housing Restrictions: Affordable Housing Regulatory Agreement (“**Agreement**”).

Parties to Agreement: _____, a California limited partnership (“**Developer**”), and the La Quinta Housing Authority, a public body, corporate and politic (“**Authority**”).

The Agreement is recorded concurrently with this Notice, in the Official Records of Riverside County.

Legal Description of Property: See Exhibit “A” attached hereto and incorporated herein by this reference.

Property Location: Located at 42-800 Washington Street, in the City of La Quinta.

Assessor's Parcel Numbers of Property: 609-040-007, 023, and 028.

Summary of Agreement:

- The Agreement provides for the rehabilitation of seventy-two (72) existing affordable units, demolition of one (1) existing affordable unit, and construction of forty-eight (48) new apartment units, new community facilities, and related amenities and site improvements
- The Agreement restricts the rental of (i) _____ (__) units to households whose annual income does not exceed the qualifying limits under California law for “extremely low income households”; (ii) _____ (__) units to households whose annual income does not exceed _____ percent of the median income for the Riverside County area; and (iii) _____ (__) units to households whose annual income does not exceed the qualifying limits under California law for “very low income households”, all as established by HUD, and as published periodically by HCD.
- The Regulatory Agreement restricts the rents that may be charged to such households to the maximum amount of rent, including a reasonable utility allowance, that does not exceed the rent permitted to be charged to the applicable household, as the case may be, determined pursuant to Health and Safety Code Section 50053(b).
- The term of the Agreement is fifty-seven (57) years.

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 restrictions and requirements which apply to the Property.

This Notice is being recorded and filed in compliance with Health and Safety Code Section 33334.3(f)(3) and (4), and shall be indexed against Authority and the Owner of the Property.

[signature on next page]

“Authority”

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

Date: _____, 201__

By: _____

Frank J. Spevacek, 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, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All of that certain real property located in the City of La Quinta, County of Riverside, State of California, described as follows:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

ATTACHMENT NO. 19

FORM OF RELEASE OF CONSTRUCTION COVENANTS

[See following document]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

La Quinta Housing Authority
78-495 Calle Tampico
La Quinta, CA 92253
Attention: Executive Director

(Space Above for Recorder's Use)
Exempt from Recordation Fee per Gov. Code § 27383

RELEASE OF CONSTRUCTION COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS ("**Release**") is made this _____ day of _____, by the LA QUINTA HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), in favor of _____, a California limited partnership ("**Developer**").

R E C I T A L S

A. Developer is the fee owner of that certain real property located in the City of La Quinta, County of Riverside, State of California, more particularly described in the legal description attached hereto as Exhibit "A" ("**Property**").

B. On or about _____, 2017, Authority and Coachella Valley Housing Coalition ("**CVHC**") entered into that certain Affordable Housing and Property Disposition Agreement ("**Agreement**") which provides for CVHC to rehabilitate a seventy-three (73) unit affordable rental apartment development and construct sixty-eight (68) new apartment units on the Property, as more particularly described therein as the "**Project**." CVHC has assigned to Developer, and Developer has assumed from CVHC, all of CVHC's rights and obligations in and to the Agreement.

C. Pursuant to the Agreement, Authority is required to furnish Developer with this Release upon request by Developer after completion of construction of the Project.

D. The issuance by Authority of this Release shall be conclusive evidence that Developer has complied with the terms of the Agreement pertaining to the construction of the Project.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the parties hereto agree as follows:

1. As provided in the Agreement, Authority does hereby certify that the construction of the Project has been satisfactorily performed and completed, and that such development and construction work complies with the Agreement.

2. This Release does not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage or any insurer of a mortgage security money loaned to finance the work of construction of improvements and development of the Property, or any part of thereof.

3. This Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

4. This Release does not terminate any other agreement or document executed by Developer in connection with the Agreement, including, without limitation, that certain Affordable Housing Regulatory Agreement recorded on _____, as Instrument No. _____, in the Official Records of the County of Riverside (the "**Official Records**"), and that certain Deed of Trust recorded on _____, as Instrument No. _____, in the Official Records, all of which shall survive recordation of this Release.

IN WITNESS WHEREOF, Authority has executed this Release as of the date set forth above.

LA QUINTA HOUSING AUTHORITY,
a public body, corporate and politic

Date: _____

By: _____
Frank J. Spevacek, 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 Riverside)

On _____, before me, _____,
(insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All of that certain real property located in the City of La Quinta, County of Riverside, State of California, described as follows:

[Legal description to be added at such time as a parcel map subdividing the Property has been recorded in the Official Records of the County of Riverside, which shall be prior to the finalization and execution of this document]

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List of Attachments:

- 1 - Legal Description and Depiction of the Property
- 2 - Site Plan
- 3 - Schedule of Performance
- 4 - Scope of Development
- 5 - Form of Grant Deed
- 6 - Form of Warranty Bill of Sale
- 7 - Form of Assignment of Leases
- 8 - Form of Non-Foreign Affidavit
- 9 - Form of Assignment of Contracts, Permits, Intangible Personal Property, Warranties, and Guaranties (to Developer)
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- 11 - Form of Notice to Tenants
- 12 - Form of Lead-Based Paint Disclosure and Acknowledgement
- 13 - Form of Disbursement Request
- 14A - Form of Authority Note (Plans)
- 14B - Form of Authority Note (Property and Construction)
- 15A - Form of Authority Deed of Trust (Plans)
- 15B - Form of Authority Deed of Trust (Property and Construction)
- 16 - Project Budget
- 17 - Form of Authority Regulatory Agreement
- 18 - Form of Notice of Affordability
- 19 - Form of Release of Construction Covenants

City of La Quinta

CITY COUNCIL MEETING

DEPARTMENT REPORT

TO: Members of the Housing Commission

FROM: Karla Campos, Authority Treasurer

DATE: May 17, 2017

SUBJECT: ESTABLISHMENT OF A HOUSING AUTHORITY LOCAL AGENCY INVESTMENT FUND (LAIF) ACCOUNT

FUNDING SOURCES AND USES

The bond expenditure agreement was approved by City Council and the Successor Agency in July 2016 and by the Department of Finance (DOF) on August 23, 2016. The bond expenditure agreement included both housing and non-housing bond proceeds. The housing proceeds are being temporarily held in a depository trust account with U.S. Bank. These funds were released to the trust account after the 2016 Taxable Series A bond refinancing was completed on December 22, 2016. Subsequently the expenditure agreement was included as an enforceable obligation on the fiscal year 2017/18 Recognized Obligation Payment Schedule (ROPS) which was approved by DOF on March 10, 2017. This DOF approval released the use of the bond expenditure funds for the purposes outlined in the agreement.

Since the DOF has now approved the 1) bond expenditure agreement, 2) bond refinancing, and 3) 2017/18 ROPS; the City may now withdraw funds from the depository trust account. The City intends to establish a separate LAIF account for the housing proceeds. This account will be limited to Housing Authority funds and any interest earned will be recognized solely in the Housing Authority Fund. Use of funds will continue to be limited to the bond expenditure agreement for their originally intended purposes.

LAIF is an authorized investment in the City's current investment policy. Annually, the Housing Authority Treasurer submits the City's Investment Policy to LAIF. Pursuant to Chapter 730 of the statutes of 1976, Section 16429.1 was added to the California Government Code to create LAIF in the State Treasury for the deposit of money of a local agency for purposes of investment. Since 2007 LAIF mandates that in addition to the City's Investment Policies, the La Quinta Housing Authority authorize the deposits and withdrawals of City monies in LAIF by city officers, or their successors in office, via

a resolution. The City allows the Housing Authority Executive Director (City Manager) and the Housing Authority Treasurer (Finance Director/City Treasurer) to make deposits and withdrawals.

LOCAL AGENCY INVESTMENT FUND (LAIF) BACKGROUND

LAIF was established in 1977 and is administered by the California State Treasurer's Office as an investment alternative for California's local governments and special districts. The program operates a major portfolio investing hundreds of millions of dollars with in-house investment expertise. The Local Investment Advisory Board (LIAB) provides oversight for LAIF and consists of the following five members as designated by statute: the State Treasurer, two members appointed by the State Treasurer with training and experience in the fields of investment or finance, and two members who are treasurers or finance/fiscal officers of a California local agency.

Moneys deposited in LAIF are afforded certain statutory protection. Government Code Section 16429.3 states that "moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasigovernmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

Government Code Section 16429.4 was added in 2002 to provide further protection. This section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

LAIF has grown from 293 participants and \$468 million in 1977 to 2,450 participants and \$21.3 billion at the end of March 2017. LAIF is part of the state's Pooled Money Investment Account, which had a \$76.5 billion portfolio at the end of April 2017.

INVESTMENT COST & MANAGEMENT

The goals for investment of the portfolio are safety, liquidity, and yield, in that order. The current daily invest yield is 0.92% as of May 10, 2017. The portfolio yield is updated weekly. A LAIF performance report (attachment C) is presented to this report.

LAIF administrative costs are assessed quarterly. The Government Code states that administrative costs are not to exceed 5% of quarterly earnings of the fund. These fees cover actual costs to administer the LAIF program and are deducted from quarterly earnings prior to interest posting. Interest is calculated on a dollar-day basis to guarantee equitable distribution among all member funds and is paid quarterly.

LAIF accounts are limited to 15 transactions per month with a minimum transaction amount of \$5,000. There is no minimum balance requirement; however, the maximum investment is capped at \$65 million per account. A 24-hour notice is required for withdrawals over \$10 million. There is no fee for wires into or out of LAIF.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting audit report is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investment and LAIF claims are audited daily by the State Controller's Office as well as through an in-house audit process.

HAND OUTS

**HOUSING
COMMISSION
MEETING**

MAY 17, 2017

HOUSING COMMISSION MEETING - MAY 17, 2017 - HAND OUT
CONSENT CALENDAR ITEM NO. 1 - APPROVE MINUTES OF APRIL 12, 2017

Subject: HC Minutes
From: LINDA GUNNETT (lulukazoo@yahoo.com)
To: joysworld19@yahoo.com; ehowardlong@gmail.com;
Date: Wednesday, May 17, 2017 5:07 PM

Dear Chairman Rogers, and Commissioners Johnson and Long:

I would like to request a change to the HC Minutes that have been submitted for approval for this evenings meeting. Specifically, the minutes state only that Linda Gunnett asked for clarification of funding. It is important to me that the Minutes reflect that I asked why it has taken so long to get the Washington Street Apartment project started and I asked about the increase in costs for the WSA project, which was listed on the DOF ROPS originally at approximately \$21 million and now the costs have gone up to \$38 million. Consultant McMillen gave an answer which I could not hear enough of to repeat.

Over the years I have written to the City of LQ inquiring of various issues and often I hear from them that I should have asked that question at the time the proposal was before the Council. In this instance of the development of WSA I would like the record to reflect that I did ask questions about delays and costs so that questions about those matters in the future will be responded to appropriately without making an attempt to deflect attention from the issue I am trying to address.

Thank you,

Linda Gunnett
51-321 Avenida Bermudas #484
La Quinta, CA 92247
760-564-5972

WASHINGTON STREET APARTMENT PROJECT

How much was the original USDA loan and did The city of La Quinta purchase this apartment complex. Is the \$628,640 figure the remainder of the loan.

Was the total cost for the apartment complex and land \$6,750 000 and who made the appraisal for both ? In what year ?

Who is the developer submitting to the state for approval of the project and tax credits.

What if the developer is unable to obtain investors to take on tax credits and how much is the developer applying for. Is the developer receiving a fee or commission for selling tax credits? If so how much is coming off the top ? If the developer is a non profit organization why are they entitled to a fee/commission for reselling tax credits ?

How many developers have been advised of the city's desire to produce low income housing or is it just a locked in circle.?

It is my understanding that the first phase is the rehabilitation of 72 existing units. Looking at the figures I have to wonder why such a high price per unit when in fact the city could probably buy already built condos or houses for a lot less. 72 units at an average cost of \$200,000 = \$14,400,000

If the city is spending more than \$30,000.00 per unit they are not doing due diligence and should rethink there expenditures.

I noticed there was \$4,800,000 for site work on rehab for the older unit site and an additional \$3,200,000 for the new site work for a total of \$8,000,000 dollars site work. What is involved and why so costly.

Rehab structure is listed at \$6,400,000 and for new site structures \$10,400,000 for a total of \$17,000,000 which equal \$ 118,000 per unit.

If we allow \$30,000.00 per unit for the older structures x 72 units +\$ 2,160,000 were looking at 3 time more than what a fair and resonable rehab cost should be . Why

What exactly is involved with structural rehab as the developer and city define it ?

Just an aside you could probably buy a decent condo in Palm Springs for \$161,000 each which is what the value of both the cost acquisition for the old structure and your rehab cost are per unit.

Who is the primary contractor and is there an open bid proceeds in place. As an aside the contractor's profit seems to be abnormally low for a project this size. Please explain.

Why is the contractor's profit and overhead broken out separately ?

Is there a list of the amenities for the site and a list of the improvements that the site and each unit is receiving.

Old site \$12,600,000 equal \$175,000.00 each

New site rehab \$15,245,000 divide by 72 units = \$211,736.00 thousand per unit

Is the developer the contractor ?

What is the time frame for the rehab of both the older units and new unit.

Who is the guarantor on the permanent loan ?

POWER POINTS

**HOUSING
COMMISSION
MEETING**

MAY 17, 2017

PROPOSED DEVELOPMENT

- HISTORY

- FORMER RDA
- 2007 AND 2008 PURCHASE USDA / RD CONDITIONS

- ENTITLEMENTS

- WSA – 72 RECONSTRUCTED, 26 NEW UNITS/
COMMONS /COVERED PARKING/ HARDSCAPE
- 42 –NEW UNITS/ COMMONS/ COVERED PARKING

AFFORDABILITY MIX

Income Category		Number of Persons	
		1	2
24	Extremely Low	14,100	16,100
110	Very Low	23,450	26,800
4	Low	37,550	42,900
2	Moderate	54,600	62,400

Agency Costs	
Apartments and Existing Land	\$ 8,783,738
Planning, Design, Engineering, Management, Relocation, Disposition	\$ 2,362,057
2014 and 2016 Bond Proceeds	\$ 10,400,000
Total Interest 2014 and 2016 Bonds	\$ 9,417,123
TOTAL COST	\$ 30,962,918

Authority Loan Detail

Existing Apartments 73 units	\$ 3,325,252
Reserves from existing apartments	\$ 1,073,036
Adjacent vacant land parcel	\$ 1,260,000
2016 Housing Bonds	\$ 9,400,000
Total Loan	<u>\$15,058,288</u>
Authority work completed	\$ 1,366,722
2014 Housing Bonds	\$ 1,000,000
Total "Plan Loan"	<u>\$ 2,366,722</u>
Total of Authority Loans	<u>\$17,425,010</u>

SOURCES

Existing USDA 515 Loan	628,640
Plan Loan	2,366,722
Property and Construction Loan	15,058,288
Tax Credit Equity	28,908,896
Deferred Developer Fee/GP Equity	7,526
Total Sources	46,970,072

USE OF FUNDS	
Acquisition Cost -	6,785,000
Rehabilitation Cost	12,601,042
New Construction Costs	15,244,823
Architectural Costs	628,925
Survey and Engineering, incl testing	340,000
Construction Interest and Fees	1,879,263
Permanent Financing Costs	30,000
Attorney Costs	75,000
Reserve Costs	1,073,036
Appraisal Costs	10,000
Construction Contingency Costs	4,044,691
Other Costs	2,768,292
Developer Fee	1,400,000
Syndication Costs	90,000
TOTAL PROJECT COSTS	46,970,072

