



# AGENDA

## REGULAR MEETING OF THE HEMET HOUSING AUTHORITY

October 13, 2015

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### REGULAR SESSION

7:00 p.m.

City of Hemet City Council Chambers  
450 E. Latham Avenue

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### Call to Order

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### Roll Call

ROLL CALL: Board Members Milne, Raver and Youssef, Vice Chairperson Wright and Chairperson Krupa

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### City Council Business

#### Notice to the Public

The Consent Calendar contains items which are typically routine in nature and will be enacted by one motion by the Board unless an item is removed for discussion by a member of the public, staff, or Board. If you wish to discuss a Consent Calendar item please come to the microphone and state the number of the item you wish to discuss. Then wait near the microphone. When the Chairperson calls your turn give your last name, and address, then begin speaking. You will have three minutes at that time to address the Board.

### Consent Calendar

1. **Approval of Minutes** – December 9, 2014
2. **Recommendation by Housing** – Modification of the Original Loan Documents for Neighborhood Stabilization Program – Mobley Lane Revitalization (Phase 2)
  - a. Adopt a resolution authorizing the provision of seller take-back financing for Phase 2 of Mobley Lane Project **Resolution Bill No. 15-054**; and
  - b. Authorize the Interim Executive Director and Chairperson to execute all agreements, in substantially the same form as presented to effect the revitalization program and transfer real property as recommended; and
  - c. Authorize the Interim Executive Director to make non-substantive changes to the revitalization plan documents as needed to implement the revitalization project; and

- d. Authorize staff to amend the original Affordable Housing Regulatory Agreement, Disposition, Development and Loan Agreement (DDA), Notes, and Deeds of Trust for the Mobley Lane Revitalization, and to add a new Note and Deed of Trust to secure the seller takeback financing to be used in connection with the sale of the Phase 2 properties; and
  - e. Authorize staff to implement the revisions to the Mobley Lane Project.
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## **Communications from the Public**

Anyone who wishes to address the Housing Authority regarding items not on the agenda may do so at this time. As a courtesy, please complete a Request to Speak Form found at the Secretary's desk. Submit your completed form to the Secretary prior to the beginning of the meeting. Presentations are limited to three minutes in consideration of others who are here for agenda items. Please come forward to the lectern when the Chairperson calls upon you. When you are recognized, you may proceed with our comments.

***\*Notice: Members of the Public attending shall comply with the adopted Rules of Decorum in Resolution No. 4545. A copy of the Rules of Decorum are available from the Secretary.***

State law prohibits the Housing Authority from taking action or discussing any item not appearing on the agenda except for brief responses to statements made or questions posed by the public. In addition, they may, on their own initiative or in response to questions posed by the public, ask a question for clarification, provide a reference to staff or other resources for factual information, or request staff to report back to them at a subsequent meeting. Furthermore, a member of the Housing Authority or the Board itself may take action to direct staff to place a matter of business on a future agenda.

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## **Future Agenda Items**

If Members of Board have items for consideration at a future Housing Authority meeting, please state the agenda item to provide direction to the Executive Director.

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## **Adjournment**

Adjournment

*Staff reports and other disclosable public records related to open session agenda items are available at the Secretary's Office or at the public counter located at 445 E. Florida Avenue during normal business hours.*



#1

# MINUTES

## REGULAR MEETING OF THE HEMET HOUSING AUTHORITY

December 9, 2014

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### REGULAR SESSION

7:00 p.m.

City of Hemet City Council Chambers

450 E. Latham Avenue

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### Call to Order

Chairperson Krupa called the meeting to order at 8:19 p.m.

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### Roll Call

PRESENT: Board Members Raver, Wright and Chairperson Krupa

ABSENT: Board Member Youssef and Vice Chairperson Milne

**Board Member Raver moved and Board Member Wright seconded a motion to excuse Board Member Youssef and Vice Chairperson Milne. Motion carried 3-0.**

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### Reorganization

1. Agency Secretary to Call for Nominations for Chairperson

Secretary McComas called for nominations for Chairperson.

**Board Member Wright moved and Board Member Raver seconded a motion to nominate Board Member Krupa for Chairperson. Motion carried 3-0.**

2. Chairperson to Call for Nominations for Vice Chairperson

**Chairperson Krupa**, called for nominations for Vice Chairperson.

**Board Member Raver moved and Chairperson Krupa seconded a motion to nominate Board Member Wright for Vice Chairperson. Motion carried 3-0.**

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### City Council Business

#### Consent Calendar

3. **Approval of Minutes** – June 24, 2014

**Vice Chairperson Wright moved and Board Member Raver seconded a motion to approve the Consent Calendar as presented. Motion carried 3-0.**

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### Communications from the Public

There were no communications from the public.

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### Future Agenda Items

There were no future agenda items requested.

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### Adjournment

Adjourned at 8:20 pm.



*Staff Report*

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**TO:** Honorable Chairperson Krupa and Housing Authority Directors

**FROM:** Edna I. Lebrón, Housing Specialist  
Gary Thornhill, Interim City Manager *GL*

**DATE:** October 13, 2015

**SUBJECT:** Modification of the Original Loan Documents for Neighborhood Stabilization Program – Mobley Lane Revitalization (Phase 2)

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**RECOMMENDATION:**

That the Hemet Housing Authority:

1. Adopt Hemet Housing Authority Resolution Bill No. 15-054 authorizing the provision of seller take-back financing for Phase 2 of Mobley Lane Project; and
2. Authorize the Interim Executive Director and Chairperson of the Hemet Housing Authority of the City of Hemet to execute all agreements, in substantially the same form as presented to effect the revitalization program and transfer real property as recommended; and
3. Authorize the Interim Executive Director to make non-substantive changes to the revitalization plan documents as needed to implement the revitalization project; and
4. Authorize staff to amend the original Affordable Housing Regulatory Agreement, Disposition, Development and Loan Agreement (DDA), Notes, and Deeds of Trust for the Mobley Lane Revitalization, and to add a new Note and Deed of Trust to secure the seller takeback financing to be used in connection with the sale of the Phase 2 properties; and
5. Authorize staff to implement the revisions to the Mobley Lane Project as described in this Staff Report.

**BACKGROUND:**

On April 9, 2013, City Staff, Adam Eliason, the City's Neighborhood Stabilization Program (NSP) consultant and Bruce Kulpa, Executive Director of the Riverside Housing Development Corporation (RHDC) presented the Hemet Housing Authority (HHA) an NSP achievement plan and a revitalization plan for the Mobley Lane project.

At the April 9, 2013 meeting, the HHA approved the NSP Achievement Plan, the Mobley Revitalization Plan and authorized HHA and City staff to prepare all documents and contracts necessary to advance Phase 1 of the revitalization program.

At the September 10, 2013 meeting, the HHA approved Resolution No. 0017, authorizing revisions to the HUD NSP Action Plan for NSP1 & NSP3, and the expenditure of funds to implement the Mobley Lane Project.

Riverside Housing Development Corporation (RHDC) is a non-profit, affordable housing development organization created in 1991. Their mission includes renovating blighted properties and making them available for purchase or lease to low-income households. Since 2004, they have acquired, rehabilitated, and managed over 300 multi-family units, primarily in the cities of Riverside and Moreno Valley and in unincorporated Riverside County in east Hemet. RHDC recently completed a major renovation just outside the City limits on Orange Blossom Drive near Stanford. RHDC continues to acquire and revitalize additional properties in this neighborhood successfully. Overall, using their expertise and team approach, RHDC has required, rehabilitated, and managed 175 units in the past 24 months to transform neighborhoods and improve the quality of life in many communities.

In March 2014 RHDC completed Phase 1 of the Mobley Lane Revitalization Plan which fully renovated and rehabilitated the 3 buildings (12 units) on Mobley Lane utilizing NSP funding. Those 12 units are now fully occupied by qualified tenants. RHDC has successfully secured LIHTC tax credit funding for the renovation and rehabilitation of Phase 2 of the Mobley Lane Project, comprised of 8 additional buildings (totaling 29 additional units). RHDC has secured commitments from Raymond James Tax Credit Funds, Inc., as the tax credit investor and from Citibank as the construction lender for the project. The project is ready to begin construction as soon as title to the Phase 2 properties is conveyed to RHDC (Mobley Lane Partners, LP).

### **DISCUSSION:**

The April 2013 HHA meeting approved a preliminary budget expenditure of \$900,000 in NSP funds. Since that time staff confirmed with HUD that Phase 1 of the project required payment of Davis Bacon prevailing wages for construction. The management, monitoring and increased wages resulting from Davis Bacon represented a 25% increase in the overall project budget. This change resulted in the NSP note amount being increased to \$1,219,000.

In addition, a \$252,000 NSP loan replaced a short term conventional loan that RHDC was going to obtain to fill the gap between the NSP grant and the amount needed to complete the project. This second NSP loan is now being modified to extend its term out to 55 years, the same as the \$1,219,000 loan. This \$252,000 loan will earn interest at the Applicable Federal Rate (AFR), a rate comparable to that of the other loans and it will be repaid out of the project's future residual receipts.

The original DDA called for the Phase 2 properties to be sold to RHDC for \$1. However, RHDC's tax credit counsel has advised that in order to maximize use of the tax credit program, the purchase of the Phase 2 properties needs to be at the Fair Market Value of the 8 additional properties, which is \$2.2 million. Therefore, RHDC will now purchase the Phase 2 properties for \$2.2 million and the HHA will provide a "takeback loan" for \$2.2 million, with an interest rate of 2.5% and a term of 55 years. The net result is an improvement in terms for the HHA. Instead of

selling the properties for \$1, the HHA will now receive a promissory note for \$2.2 million that will be paid from project residual receipts.

The completed Mobley Lane project will feature 41 fully renovated rental units along with professional onsite project management that will be in the neighborhood and meeting with resident's every day. RHDC will participate in the City's Crime Free Multi-Family Housing Program and Neighborhood Watch efforts to ensure the neighborhood maintains a high quality and safe environment for its residents.

The construction improvements will include; newly constructed enclosed garages, onsite laundry facilities, play area with a tot lot, private patios, and a community room available to residents for special events or to provide training classes for residents and their children.

RHDC can begin construction of Phase 2 immediately upon approval by the HHA and the closing of the construction financing. The project is divided into two phases. Phase 1 was completed in March 2014. Phase 1 has three buildings (12 units) that were acquired with NSP funds. Phase 2 will be the remaining eight buildings (29 units) and additional improvements specific to Phase 2, when initiated include: construction of secure enclosed garages, additional common laundry facilities and a community room. Additional landscape enhancements will be included in Phase 2.

Because the NSP funds were provided by federal sources, Fair Housing Laws prohibits the units being marketed and exclusively available to City of Hemet residents. However, RHDC and City Staff will work closely to ensure that a significant outreach is made to Hemet residents so that they are at least aware of the opportunity to apply for occupancy when the time is appropriate.

RHDC and NSP administration continues to collaborate with the City's Housing Division and Community Development Department to ensure the highest quality results, mutual satisfaction and completion of NSP requirements in renovating the 11 buildings.

Documents to be executed by the HHA Chairperson or Interim Executive Director include: the Agreement Amending Loan Documents, Grant Deed for Phase 2 properties, Amended and Restated Note for \$1,219,000, Amended and Restated Deed of Trust securing the \$1,219,000 Note, Amended and Restated Note for \$252,000, Amended and Restated Deed of Trust securing the \$252,000 Note, Seller Takeback Note for \$2,200,000, Deed of Trust securing the \$2,200,000 Note, and the Amended and Restated Regulatory Agreement.

**COORDINATION AND REVIEW:**

This recommendation was prepared and coordinated with the Department of Community Development, Housing Division, NSP Program Administrator and City's Attorney's Office.

**INTEGRATION OF COUNCIL GOALS / STRATEGIC PLAN:**

The recommendation supports the City's goals of leveraging grant funds, revitalizing neighborhood, improving the housing stock and creating jobs.

**FISCAL IMPACT:**

Proceeding as recommended will require no monies from the City's general fund. The project will be funded exclusively with NSP funds, a conventional construction loan, and LIHTC Equity. Failure to proceed with the recommended action will result in the City being required to return a significant portion of already expended NSP1 and NSP3 grant funds to HUD which would require City general fund money to fulfill that obligation.

**Attachments:**

1. HHA Resolution Bill No. 15-054
2. Agreement Amending Loan Documents (with exhibits)

Prepared by,

Approved By:



Edna I. Lebrón,  
Housing Specialist



Gary Thornhill  
Interim City Manager

Reviewed by:



Eric S. Vail  
Housing Authority General Counsel

**DRAFT**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

Hemet Housing Authority  
445 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

**AMENDED AND RESTATED  
AFFORDABLE HOUSING REGULATORY AGREEMENT**

**AND**

**DECLARATION OF RESTRICTIVE COVENANTS**

by and between

**THE HEMET HOUSING AUTHORITY**

and

**MOBLEY LANE PARTNERS, LP**

**(Mobley Lane)**

This Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this "**Agreement**") is entered into effective as of \_\_\_\_\_, 2015 ("**Effective Date**") by and between the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) ("**Authority**") and Mobley Lane Partners, LP, a California limited partnership ("**Owner**"). The Authority and the Owner are collectively referred to herein as the "**Parties**."

## RECITALS

A. Owner is the owner of the real property located at 598, 599, and 575 Mobley Lane in the City of Hemet, California, known as Riverside County Assessor's Parcel Nos. 443-090-025, -032, and -033 (the "**Phase 1 Property**") and the real property located at 550, 622, 670, 647, 623, 551, 527 and 503 Mobley Lane in the City of Hemet, California, known as Riverside County Assessor's Parcel Nos. 443-090-023, -026, -028, -030, -031, -034, -035, and -036 (the "**Phase 2 Property**"). The Phase 1 Property and the Phase 2 Property is more particularly described in Exhibit A attached hereto and is collectively referred to herein as the "**Property**".

B. Owner intends to rehabilitate the existing improvements and operate an affordable housing development on the Property consisting of forty-one (41) dwelling units and related improvements (collectively, the "**Project**") in accordance with that certain Disposition, Development and Loan Agreement dated as of September 15, 2013 and executed by and between Authority and Owner's predecessor in interest (as assigned to Owner and as subsequently amended, the "**Loan Agreement**"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

C. The Loan Agreement provides that the dwelling units within the Project will be required to be available at Affordable Rents (defined below) in accordance with this Agreement for a period of not less than fifty-five (55) years.

D. In accordance with the terms and conditions set forth in the Loan Agreement, the Authority has provided to Owner a construction/permanent loan in the original principal amount of \$1,219,000 (the "**First Loan**") and a second loan in the original principal amount of \$252,000 (the "**Second Loan**"), each funded with Neighborhood Stabilization Program (NSP) funds in order to provide partial financing for the rehabilitation of the Project. In addition, to assist Owner in the acquisition of the Phase 2 Property, the Authority has provided a seller takeback loan in the amount of Two Million, Two Hundred Thousand Dollars (\$2,200,000) (the "**Seller Takeback Loan**").

E. Owner has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013, to evidence Trustor's obligation to repay the First Loan together with interest accrued thereon (the "**Original First Note**"), and has executed and delivered to Beneficiary a secured promissory note, dated as of

December 5, 2013, to evidence Trustor's obligation to repay the Second Loan together with interest accrued thereon (the "**Original Second Note**"). Repayment of the Original First Note and the Original Second Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580437 (the "**Original Deed of Trust**"). Concurrently with the execution and recordation of this Agreement, Trustor will execute and deliver to Beneficiary an Amended and Restated Secured Promissory Note in the amount of \$1,242,177.70 (the "**Amended First Note**") which will amend and restate the Original First Note in its entirety and an Amended and Restated Secured Promissory Note in the amount of \$268,770.08 (the "**Amended Second Note**") which will amend and restate the Original Second Note in its entirety. Borrower's obligation to repay the Amended First Note is secured by an amended and restated deed of trust (the "**Amended First Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith. Borrower's obligation to repay the Amended Second Note is secured by a separate amended and restated deed of trust (the "**Amended Second Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith. The Seller Takeback Loan is evidenced by a Secured Promissory Note executed by Owner and dated as of the date hereof (the "**Seller Takeback Note**"), and repayment of the Seller Takeback Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof and executed by Owner for the benefit of the Authority (the "**Seller Takeback Deed of Trust**").

E. The First Loan, the Second Loan and the Seller Takeback Loan are collectively referred to herein as the "**Loans**." The Amended First Deed of Trust, the Amended Second Deed of Trust, and the Seller Takeback Deed of Trust are collectively referred to herein as the "**Deeds of Trust**". The Amended First Note, the Amended Second Note, and the Seller Takeback Note are collectively referred to herein as the "**Notes**".

F. As a condition to Authority's agreement to modify certain terms of the Original First Note and the Original Second Note, and to provide the Seller Takeback Loan to Owner, Authority requires the Property to be subject to the terms, conditions and restrictions set forth herein.

G. The purpose of this Agreement is to satisfy the affordability requirements of the NSP and to regulate and restrict the occupancy and rents of the Project for the benefit of the Project occupants. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner's successors and assigns for the full term of this Agreement.

H. This Agreement is intended to amend and restate in its entirety that certain Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580439.

**NOW THEREFORE**, in consideration of the foregoing, and other valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. **Definitions.** The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

**"Actual Household Size"** means the actual number of persons in the applicable household.

**"Adjusted for Family Size Appropriate for the Unit"** shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code subject to the application of federal rules associated with Project financing sources, including without limitation, the regulations applicable to Section 42(d)(2) of the Internal Revenue Code of 1986, as amended.

**"Affordable Rent"** means the following amounts, less a utility allowance and other fees and charges required to be paid by tenants of the Project on a non-optional basis: (i) for units that are restricted for rental to households with incomes of not more than thirty percent (30%) of AMI ("**30% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of thirty percent (30%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit; and (ii) for units that are restricted for rental to households with incomes of not more than fifty percent (50%) of AMI ("**50% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit.

**"Area Median Income" or "AMI"** means the median income for Riverside County, California, adjusted for Actual Household Size, as determined by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the State of California Department of Housing and Community Development ("**HCD**") in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

**"Authority Documents"** means collectively, this Agreement, the Loan Agreement, the Notes, and the Deeds of Trust.

**"Claims"** is defined in Section 10.

**"Deeds of Trust"** is defined in Recital E.

**"Eligible Household"** means a household for which gross household income upon initial occupancy does not exceed the maximum income level for a Restricted Unit as specified in Section 2.1 and Exhibit B.

**"Indemnitees"** is defined in Section 10.

“**Loans**” is defined in Recital E.

“**Marketing and Management Plan**” is defined in Section 6.5.

“**Maximum Qualifying Income**” is defined in Section 2.2.

“**Notes**” is defined in Recital E.

“**Official Records**” means the Official Records of Riverside County, California.

“**Regulations**” means Title 25 of the California Code of Regulations.

“**Rent Restricted**” is defined in Section 2.1.

“**Restricted Unit**” means a dwelling unit which is reserved for occupancy at an Affordable Rent by Eligible Households of specified household income levels as set forth in Sections 2.1 and 2.2 and Exhibit B.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for the operation of a multifamily rental housing development in compliance with the Loan Agreement and the requirements set forth herein. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of Authority.

2.1 Affordability Requirements. For a term of fifty-five (55) years commencing upon the date of the City of Hemet’s issuance of a final certificate of occupancy for the Project: not less than 4 of the residential units in the Project shall be both Rent Restricted (as defined below) and occupied (or if vacant, available for occupancy) by Eligible Households whose income is less than or equal to thirty percent (30%) of AMI. and (ii) not less than an additional 36 of the residential units in the Project shall be both Rent Restricted and occupied (or if vacant, available for occupancy) by Eligible Households whose income is less than or equal to fifty percent (50%) of AMI. One (1) of the residential units in the Project shall be a manager’s unit for which rent will not be restricted.

In the event that recertification of tenant incomes indicates that the number of Restricted Units actually occupied by Eligible Households falls below the number reserved for each income group as specified in this Section 2.1 and Exhibit B, Owner shall rectify the condition by renting the next available dwelling unit(s) in the Project to Eligible Household(s) until the required income mix is achieved. A dwelling unit shall qualify as “**Rent Restricted**” if the gross rent charged for such unit does not exceed the Affordable Rent for the applicable household income category as set forth in Exhibit B, subject to Section 2.2.

Notwithstanding anything to the contrary contained in this Agreement, if other Project lenders, Project investors, or regulatory agencies restrict a greater number of units than restricted by this Agreement or require stricter household income eligibility or affordability requirements than those imposed hereby, the requirements of such other lenders, investors or regulatory agencies shall prevail. Provided, further if the Project qualifies for federal tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, then a dwelling unit shall qualify as Rent Restricted for purposes of this Agreement so long as the unit complies with the regulations adopted by California Tax Credit Allocation Committee ("TCAC") for so long as the Property is subject to a TCAC extended use agreement.

**2.2 Rents for Restricted Units; Unit Sizes.** Rents for Restricted Units shall be limited to Affordable Rents for households of the applicable income limit in accordance with Section 2.1 and Exhibit B. The Restricted Units shall be allocated among affordability categories as set forth in Exhibit B.

Notwithstanding the foregoing, no tenant qualifying for a Restricted Unit shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's household income increases to exceed the qualifying limit for such Restricted Unit. A household which at initial occupancy qualifies in a particular income category shall be treated as continuing to be of such income category so long as the household's gross income does not exceed one hundred forty percent (140%) of the applicable income limit. In the event the gross household income of a household that qualified at the applicable income limit at initial occupancy exceeds the applicable income limit for a unit, that unit will continue to be considered as satisfying the applicable income limit if the unit remains Rent-Restricted.

In the event a tenant's household income exceeds the limits specified in this Section, Owner shall apply the rules applicable to the Project pursuant to Section 42 of the Internal Revenue Code of 1986, as amended and the federal Regulations applicable thereto.

In the event of inconsistency between the provisions of this Section 2.2 and the rules applicable to the Project in connection with low-income housing tax credits, tax-exempt bonds, or other sources of public financing provided for the Project, the rules applicable pursuant to such financing source shall prevail.

**2.3 Manager's Unit.** One (1) dwelling unit in the Project may be used as resident manager's unit, and shall be exempt from the occupancy and rent restrictions set forth in this Agreement.

**2.4 No Condominium Conversion.** Owner shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the Project or any part thereof during the term of this Agreement.

## 2.5 Non-Discrimination; Compliance with Fair Housing Laws.

### 2.5.1 Intentionally omitted.

2.5.2 Fair Housing. Owner shall comply with state and federal fair housing laws in the marketing and rental of the units in the Project. Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

2.5.3 Non-Discrimination. Owner shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Owner covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition 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 or part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Owner shall include such provision in all deeds, leases, contracts and other instruments executed by Owner, and shall enforce the same diligently and in good faith.

All deeds, leases and contracts pertaining to management of the Project, made or entered into by Owner, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) (1) In Deeds, the following language shall appear:

“Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a 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 herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or

vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(b) (1) In Leases, the following language shall appear:

“The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee 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 property herein leased.”

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(c) In Contracts pertaining to management of the Project, the following language, or substantially similar language prohibiting discrimination and segregations shall appear:

“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 transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

2.6 Relocation. Persons residing on the Property shall not be displaced before suitable replacement housing is available. Owner shall ensure that all occupants of the Property receive all notices, benefits and assistance to which they are entitled in accordance with California Relocation Assistance Law (Government Code Section 7260 *et seq.*), all state and local regulations implementing such law, and all other applicable local, state and federal laws and regulations (collectively “**Relocation Laws**”) relating to the displacement and relocation of eligible persons as defined in such Relocation Laws. All costs incurred in connection with the temporary and/or permanent displacement and/or relocation of occupants of the Property, including without limitation payments to a relocation consultant, moving expenses, and payments for temporary and permanent relocation benefits pursuant to Relocation Laws shall be paid by Owner. Owner shall indemnify, defend (with counsel approved by Authority) and hold the Indemnitees harmless from and against all Claims arising from the breach of Owner’s obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. Owner’s indemnification obligations set forth in this Section (i) shall survive the expiration or earlier termination of this Agreement, and (ii) shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Authority does not and shall not waive any rights against Owner that it may have by reason of any indemnity and hold harmless provision set forth in this Agreement because of the acceptance by Authority, or the deposit with Authority by Owner, of any of the insurance policies described in this Agreement.

### 3. Reporting Requirements; Access to Information; Inspections.

3.1 Tenant Certification. Owner or Owner’s authorized agent shall obtain from each household prior to initial occupancy of each Restricted Unit, and on every anniversary thereafter, a written certificate containing all of the following in such format and with such supporting documentation as Authority may reasonably require:

- (a) The identity of each household member; and
- (b) The total gross household income.

Owner shall retain such certificates for not less than three (3) years, and upon Authority’s request, shall provide copies of such certificates to Authority and make the originals available for Authority inspection.

3.2 Annual Report; Inspections. Following completion of Project rehabilitation, by not later than March 30 of each year during the term of this Agreement, Owner shall submit an annual report (“**Annual Report**”) to the Authority in form satisfactory to Authority, together with a certification that the Project is in

compliance with the requirements of this Agreement. The Annual Report shall, at a minimum, include the following information for each dwelling unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of residents; (vii) documentation of source of household income; and (viii) the information required by Section 3.1.

Owner shall include with the Annual Report, an income recertification for each household, documentation verifying tenant eligibility, and such additional information as Authority may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by Authority; provided however, during such time that the Project is subject to a regulatory agreement restricting occupancy and/or rents pursuant to requirements imposed in connection with the use of state or federal low-income housing tax credits, Owner may satisfy the requirements of this Section that pertain to tenant income certification and rents by providing Authority with a copy of compliance reports required in connection with such financing.

In addition to the information described above, the Annual Report shall include the following:

- (1) A Project income and expense statement for the reporting period;
- (2) Proposed annual budget for the next fiscal year which sets forth Owner's estimate of operating income, operating expenses and debt service for the year, amounts payable to reserves and proposed rent adjustments;
- (3) A report on maintenance and other issues anticipated to affect the current budget needs of the Project as well as the amount in the Project's reserve accounts and the amount expected to be needed for major repairs or other needs during the new fiscal year;
- (4) Information on the status of the waiting list for units, including the number of households on the list; and
- (5) A financial audit of the books and records of the Project prepared in accordance with generally accepted auditing standards by an independent certified public accountant. Authority may require the audit to be accompanied by a supplemental report prepared in accordance with Authority's requirements.
- (6) Authority may, from time to time request additional or different information, and Owner shall promptly supply such information in the reports required hereunder.

3.3. Maintenance of Records. Owner shall maintain all records regarding the rehabilitation of the Project for five (5) years after final payment and all other pending

matters are closed. Owner shall also maintain tenant leases, income certifications and other matters related to the leasing of the affordable units for a period of five (5) years after the final date of occupancy by the tenant. Records must be kept accurate and up-to-date. Authority shall notify Owner of any records it deems insufficient. Owner shall have fifteen (15) calendar days from such notice to correct any specified deficiency in the records, or, if more than fifteen (15) days shall be reasonably necessary to correct the deficiency, Owner shall begin to correct the deficiency within fifteen (15) days and diligently pursue the correction of the deficiency as soon as reasonably possible.

3.4 Access to Records; Inspections. Owner shall provide Authority and its authorized agents and representatives access to any books, documents, papers and records of the Project for the purpose of making audits, examinations, excerpts and transcriptions. With 48-hours' notice, during normal business hours and as often as may be deemed necessary, Authority and its authorized agents and representatives shall be permitted access to and the right to examine the Project and the Property and to interview tenants and employees of the Project, for the purpose of verifying compliance with applicable regulations and compliance with the conditions of this Agreement and the other Authority Documents.

#### 4. Term of Agreement.

4.1 Term of Restrictions. This Agreement shall remain in effect through the 55<sup>th</sup> anniversary of the issuance of the City of Hemet's issuance of a final certificate of occupancy or equivalent for the Project, unless the term is extended by mutual agreement of the Parties.

4.2 Effectiveness Succeeds Conveyance of Property and Repayment of Loans. This Agreement shall remain effective and fully binding for the full term hereof, as such may be extended pursuant to Section 4.1, regardless of (i) any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein, (ii) any payment, prepayment or extinguishment of any of the Notes, or (iii) any reconveyance of any of the Deeds of Trust.

4.3 Reconveyance. Upon the termination of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement upon the expiration of the term as such may be extended pursuant to Section 4.1.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Property and the Project to the covenants and restrictions set forth in this Agreement. The Authority and Owner hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of Owner and Authority, regardless of any sale, assignment, conveyance or transfer of the Property, the

Project or any part thereof or interest therein. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Property or the Project (other than the tenants of the individual dwelling units within the Project) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or the Project or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to Authority an instrument in recordable form signed by the parties to such contract, deed, ground lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby.

Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property and the Project in favor of Authority.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner shall be responsible for all management functions with respect to the Property and the Project, including without limitation the selection of tenants, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Authority shall have no responsibility for management or maintenance of the Property or the Project.

6.2 Management Entity. Authority shall have the right to review and approve the qualifications of the management entity proposed by Owner for the Project, and shall have the right to review and approve any agreement executed between Owner and the management entity, which approval shall not be unreasonably withheld. The contracting of management services to a management entity shall not relieve Owner of its primary responsibility for proper performance of management duties. Authority hereby approves Barker Management Incorporated, a California corporation, as the initial management entity for the Project. Any subsequent management entity shall be subject to City review and approval, which shall not be unreasonably withheld or delayed. Upon Authority determination and delivery of written notice to Owner that Owner has failed to operate the Project in accordance with this Agreement, Authority may, subject to any applicable cure period, require Owner to contract with a qualified management agent selected by Authority and approved by the Project lender and equity investor, to operate the Project, or to make such other arrangements as Authority deems necessary to ensure performance of the required functions.

6.3 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner shall at its own expense, maintain the Property and the Project in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Project and the Property (including without limitation, the residential units, common areas, landscaping, driveways, parking areas and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Owner shall provide adequate security measures for the Project, including without limitation, the installation of adequate lighting and deadbolt locks. In addition, Owner agrees to implement security-related measures suggested by the Hemet Police Department in connection with design review of the Project, and agrees to participate in the Crime-Free Multi-family Housing Program, Neighborhood Watch and other programs sponsored by the City of Hemet and/or the Hemet Police Department.

6.3.1 Additional Requirements. All construction and rehabilitation work and professional services for the Project shall be performed by persons or entities licensed or otherwise authorized to perform the applicable work or service in the State of California and shall have a current City of Hemet business license if required under local law. To the extent allowed by state and federal laws, Owner shall limit the installation of satellite dish, antenna and other such equipment to screened locations on the Property as approved by the Authority. Owner shall diligently work to resolve complaints related to noise, parking, litter or other neighborhood concerns.

6.4 Authority's Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 6.3, and such default continues for a period of ten (10) days after written notice from Authority (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from Authority (with respect to landscaping, building improvements and general maintenance), then Authority, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All costs expended by Authority in connection with the foregoing, shall constitute an indebtedness secured by the Deeds of Trust, and shall be paid by Owner to Authority upon demand. All such sums remaining unpaid thirty (30) days following delivery of Authority's invoice therefor shall bear interest at the lesser of 10% per annum or the highest rate permitted by applicable law.

6.5 Marketing and Management Plan. Not later than 45 days following commencement of rehabilitation of Phase 2 of the Project, Owner shall submit for

Authority review and approval, a plan for marketing and managing the Property ("**Marketing and Management Plan**" or "**Plan**"). The Marketing and Management Plan shall address in detail how Owner plans to market the Restricted Units to prospective Eligible Households in accordance with fair housing laws and this Agreement, Owner's tenant selection criteria, and how Owner plans to certify the eligibility of Eligible Households. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Project tenants. Owner shall abide by the terms of the Marketing and Management Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement, shall submit proposed modifications to Authority for review and approval.

In addition to the foregoing, the Marketing and Management Plan shall address the following:

(a) The actions to be taken by Owner to affirmatively market units in compliance with fair housing laws and in compliance with Authority's policies and procedures, including the policies described in Section 2.5 above;

(b) Criteria for determining tenant eligibility, including certification of household income and size, and establishing reasonable occupancy standards (which shall not exceed standards established by state and federal fair housing laws and state housing and building codes) and procedures for screening prospective tenants, including obtaining credit reports, unlawful detainer reports, landlord references, criminal background investigations and search of the California Sex Offender Registry;

(c) A requirement that eligible tenants be selected based on order of application, lottery or other reasonable method approved by Authority;

(d) A requirement that eligible applicants be notified of eligibility and be provided an estimate regarding when a unit may be available;

(e) A requirement that ineligible applicants be notified of the reason for their ineligibility;

(f) Specific procedures through which applicants deemed to be ineligible may appeal this determination;

(g) Maintenance of a waiting list of eligible applicants;

(h) Specific procedures for obtaining documentation regarding prospective tenants' incomes, as necessary, to certify that such income does not exceed income limits;

- (i) Specific procedures for certification and recertification of household incomes and procedures for handling over-income tenants;
- (j) A requirement that a written rental agreement (subject to Authority approval) be executed with each eligible household selected to occupy a unit;
- (k) A detailed listing of reasonable rules of conduct and occupancy which shall be in writing, shall be consistent with federal and state law, and shall be provided to each tenant upon occupancy;
- (l) Procedures for maintenance and management of the Project;
- (m) Procedures for dealing with tenant or neighborhood issues or concerns;
- (n) Procedures for maintaining a reserve account, budgeting for maintenance and repair needs as well as long-term rehabilitation needs and handling net cash flow; and
- (o) Such other requirements and criteria/procedures as Authority may determine appropriate.

6.6 Approval of Amendments. If Authority has not responded to any submission of the Management and Marketing Plan, the proposed management entity, the proposed management agreement, or a proposed amendment or change to any of the foregoing within sixty (60) days following Authority's receipt of such plan, proposal, agreement, or amendment, the plan, proposal or amendment shall be deemed approved by Authority.

6.7 Fees, Taxes, and Other Levies. Owner shall be responsible for payment of all fees, assessments, taxes, charges, liens and levies applicable to the Property or the Project, including without limitation possessory interest taxes, if applicable, imposed by any public entity, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge so long as (a) Owner is contesting such charge in good faith and by appropriate proceedings, (b) Owner maintains reserves adequate to pay any contested liabilities, and (c) on final determination of the proceeding or contest, Owner immediately pays or discharges any decision or judgment rendered against it, together with all costs, charges and interest. The foregoing is not intended to impair Owner's ability to apply for any applicable exemption from property taxes or other assessments and fees.

6.8 Insurance Coverage. Throughout the term of this Agreement Owner shall comply with the insurance requirements set forth in Exhibit C, and shall, at Owner's expense, maintain in full force and effect insurance coverage as specified in Exhibit C.

6.9 Property Damage or Destruction. If any part of the Project is damaged or destroyed, Owner shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced as soon as reasonably practicable after the damage or loss occurs and shall be completed within one year thereafter or as soon as reasonably practicable, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders or low-income housing tax credit investors providing financing for the Project impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Recordation; Subordination. This Agreement shall be recorded in the Official Records of Riverside County. Owner hereby represents, warrants and covenants that with the exception of easements of record, absent the written consent of Authority, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Property or the Project. If at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against the Project in position superior to this Agreement, upon the request of Authority, Owner hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section 7, and to provide such evidence thereof as Authority may reasonably request. Notwithstanding the foregoing, the Authority agrees that the Authority will not withhold consent to reasonable requests for subordination of this Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan (as defined in the Loan Agreement) as it may be updated with Authority approval, provided that the instruments effecting such subordination include reasonable protections to the Authority in the event of default, including without limitation, extended notice and cure rights.

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer and Encumbrance. During the term of this Agreement, except as permitted pursuant to the Loan Agreement or this Agreement, Owner shall not directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, "**Transfer**") of the whole or any part of the Property, the Project, or the improvements located on the Property, without the prior written consent of the Authority, which approval shall not be unreasonably withheld. In addition, prior to the expiration of the term of this Agreement, except as expressly permitted by this Agreement or the Loan Agreement, Owner shall not undergo any significant change of ownership without the prior written approval of Authority. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Owner, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

8.2 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions on Transfer set forth herein shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Property; (ii) the dedication of any property required pursuant to the Loan Agreement; (iii) the lease of individual dwelling units to tenants for occupancy as their principal residence in accordance with this Agreement; (iv) assignments creating security interests for the purpose of financing the acquisition, rehabilitation, construction, or permanent financing of the Project or the Property in accordance with the Loan Agreement, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) a Transfer to a tax-exempt entity under the direct control of or under common control with Owner; (vi) a Transfer to a limited partnership (or a limited liability company) in which a tax-exempt affiliate of Owner's general partner is the managing general partner (or managing member); (vii) the admission of limited partners and any transfer of limited partnership interests in accordance with Owner's agreement of limited partnership (the "**Partnership Agreement**"); (viii) the removal of Owner's general partner by the investor limited partners for cause in accordance with the terms of the Partnership Agreement, provided that the replacement general partner is an entity reasonably satisfactory to Authority; or (ix) the transfer of the general partner's interest to a nonprofit entity that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, provided such replacement general partner is reasonably satisfactory to Authority.

Consent to any proposed Transfer may be given by the Authority's Authorized Representative unless in his or her discretion, the Authorized Representative refers the matter of approval to the Authority's governing board. If the Authority has not rejected a proposed Transfer or requested additional information regarding a proposed Transfer in writing within thirty (30) days following Authority's receipt of written request by Owner, the proposed Transfer shall be deemed approved.

8.2.1 Requirements for Proposed Transfers. The Authority may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Property, the Improvements or part thereof if all of the following requirements are met (provided however, the requirements of this Section 8.2.1 shall not apply to Transfers described in clauses (i), (ii), (iii), (iv) and (vii) of Section 8.2, and solely with respect to the removal of the general partner by the investor limited partner for a default under the Partnership Agreement, clause (viii) of Section 8.2, provided that the provisions of this Section 8.2.1 shall apply to the selection of a replacement general partner in the event of a removal of the general partner in accordance with clause (viii) of Section 8.2):

(i) The proposed transferee demonstrates to the Authority's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the Authority to competently complete and manage the Project and to otherwise fulfill the obligations undertaken by the Owner under this Agreement.

(ii) The Owner and the proposed transferee shall submit for Authority review and approval all instruments and other legal documents

proposed to effect any Transfer of all or any part of or interest in the Property, the Improvements or this Agreement together with such documentation of the proposed transferee's qualifications and development capacity as the Authority may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Owner under this Agreement and the other Authority Documents arising after the effective date of the Transfer and all obligations of Owner arising prior to the effective date of the Transfer (unless Owner expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Owner's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the Authority in form recordable in the Official Records.

**8.2.2 Effect of Transfer without Authority Consent.** In the absence of specific written agreement by the Authority, no Transfer of the Property or the Project by Owner shall be deemed to relieve the Owner or any other party from any obligation under this Agreement. It shall be an Event of Default hereunder entitling Authority to pursue remedies including without limitation, acceleration of the Loans and/or foreclosure under the Deeds of Trust if without the prior written approval of the Authority, Owner assigns or Transfers this Agreement, the Improvements, or the Property in violation of Section 8. This Section 8.2.2 shall not apply to Transfers described in clauses (i), (ii), (iii), (iv) and (vii) of Section 8.2 and solely with respect to the removal of the general partner by the investor limited partner for a default under the Partnership Agreement, clause (viii) of Section 8.2, provided that the provisions of Section 8.2.1 shall apply to the selection of a replacement general partner in the event of a removal of the general partner in accordance with clause (viii) of Section 8.2.

**8.2.3 Recovery of Authority Costs.** Owner shall reimburse Authority for all Authority costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following Authority's delivery to Owner of an invoice detailing such costs.

**8.3 Encumbrances.** Owner agrees to use best efforts to ensure that all deeds of trust or other security instruments and any applicable subordination agreement recorded against the Property, the Project or part thereof for the benefit of a lender other than Authority ("**Third-Party Lender**") shall contain each of the following provisions: (i) Third-Party Lender shall use its best efforts to provide to Authority a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; (ii) Authority shall have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure extended by an additional ninety (90) days; (iii) provided that Authority has cured any default under Third-Party Lender's deed of trust and other loan documents, Authority

shall have the right to foreclose under the Deeds of Trust and take title to the Project without acceleration of Third-Party Lender's debt; and (iv) Authority shall have the right to transfer the Project without acceleration of Third-Party Lender's debt to a nonprofit corporation or other entity which shall own and operate the Project as an affordable rental housing Project, subject to the prior written consent of the Third-Party Lender. Owner agrees to provide to Authority a copy of any notice of default Owner receives from any Third-Party Lender within three (3) business days following Owner's receipt thereof.

8.4 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, Authority shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

## 9. Default and Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

- (a) The occurrence of a Transfer in violation of Section 8 hereof;
- (b) Owner's failure to maintain insurance on the Property and the Project as required hereunder, and the failure of Owner to cure such default within five (5) days;
- (c) Subject to Owner's right to contest the following charges, Owner's failure to pay taxes or assessments due on the Property or the Project or failure to pay any other charge that may result in a lien on the Property or the Project, and Owner's failure to cure such default within thirty (30) days of delinquency, but in all events prior to the date upon which the holder of any such lien has the right to foreclose thereon;
- (d) A default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;
- (e) A default arises under any Authority Document and remains uncured beyond the expiration of any applicable cure period;
- (f) Owner's default in the performance of any term, provision or covenant under this Agreement (other than an obligation enumerated in this Subsection 9.1), and unless such provision specifies a shorter cure period for such default, the

continuation of such default for thirty (30) days in the event of a monetary default or thirty (30) days in the event of a non-monetary default following the date upon which Authority shall have given written notice of the default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within thirty (30) days, Owner's failure to commence to cure the default within thirty (30) days and thereafter prosecute the curing of such default with due diligence and in good faith, but in no event longer than ninety (90) days from receipt of the notice of default.

Owner's limited partners shall have the right to cure any default of Owner hereunder upon the same terms and conditions afforded to Owner. Authority shall provide a copy of any notice of default hereunder to the limited partners at the address set forth in Section 11.3 hereof, or to such other address provided to the Authority in writing, concurrently with the provision of such notice to Owner, and as to the limited partners, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Subsection 11.3.

9.2 Remedies. Upon the occurrence of an Event of Default and its continuation beyond any applicable cure period, Authority may proceed with any of the following remedies:

- A. Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;
- B. Accelerate and declare the balance of the Notes and interest accrued thereon immediately due and payable and proceed with foreclosure under the Deeds of Trust;
- C. For violations of obligations with respect to rents for Restricted Units, impose as liquidated damages a charge in an amount equal to the actual amount collected in excess of the Affordable Rent;
- D. Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. The Authority may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnity. Owner shall indemnify, defend (with counsel approved by Authority) and hold Authority and its elected and appointed officers, officials, employees, agents, and representatives (collectively, the "**Indemnitees**") harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") arising directly or indirectly, in whole or in part, as a result of or in connection with Owner's

rehabilitation, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner's indemnification obligations under this Section 10 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement. It is further agreed that Authority does not and shall not waive any rights against Owner that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by Authority, or the deposit with Authority by Owner, of any of the insurance policies described in this Agreement or the Loan Agreement.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by Authority of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by Authority to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by Authority at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

**Authority:**

Hemet Housing Authority  
45 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

With a copy to:

Burke, Williams & Sorensen, LLP  
1901 Harrison Street, Suite 900  
Oakland, CA 94612  
Attention: Susan E. Bloch, Esq.

**Owner:**

Mobley Lane Partners, LP  
c/o Riverside Housing Development Corporation  
4250 Brockton Avenue  
Riverside, California 92501  
Attention: Executive Director  
Ph: (951) 341-0170

With a copy to:

Wakeland Mobley, LLC  
c/o Wakeland Housing and Development Corporation  
1230 Columbia Street, Suite 950  
San Diego, California 92101  
Ph: (619) 235-2296

And with a copy to:

Raymond James Housing Opportunities Fund 27, LLC  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Facsimile No.: (727) 567-8455

And with a copy to:

Kyle Arndt, Esq.  
Bocarsly Emden Cowan Esmail & Arndt LLP  
633 W. 5<sup>th</sup> Street, 64<sup>th</sup> Floor  
Los Angeles, California 90071  
Facsimile No.: (213) 239-0410

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Owner and Authority shall not be construed as a joint venture, equity venture, partnership or any other relationship. Authority neither undertakes nor assumes any

responsibility or duty to Owner (except as expressly provided in this Agreement) or to any third party with respect to the Project. Owner and its employees are not employees of Authority but rather are, and shall always be considered independent contractors. Furthermore, Owner and its employees shall at no time pretend to be or hold themselves out as employees or agents of Authority. Except as Authority may specify in writing, Owner shall not have any authority to act as an agent of Authority or to bind Authority to any obligation.

11.6 Action by the Authority. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the Authority is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the Authority's Authorized Representative or by any person who shall have been designated by the Authority's Authorized Representative, without further approval by the Authority's governing board.

11.7 Non-Liability of Authority and Authority Officials, Employees and Agents. No member, official, employee or agent of the Authority shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the Authority, or for any amount of money which may become due to Owner or its successor or for any obligation of Authority under this Agreement.

11.8 Headings; Construction; Statutory References. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party. All references in this Agreement to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, the Authority, or the City of Hemet shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

11.9 Time is of the Essence. Time is of the essence in the performance of this Agreement.

11.10 Governing Law; Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Riverside County, California or in the Federal District Court for the Central District of California.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement, together with the Loan Agreement, the Notes, the Deeds of Trust and the other Authority Documents contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. Exhibits A through C, attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

**SIGNATURES ON FOLLOWING PAGES.**

IN WITNESS WHEREOF, the Parties have executed this Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

**AUTHORITY:**

HEMET HOUSING AUTHORITY, a public corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Authority Counsel

**OWNER:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO



**ACKNOWLEDGMENT**

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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(Name of Notary)

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.

\_\_\_\_\_  
(Notary Signature)

Exhibit A

**PROPERTY**

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

LOTS 3, 5, 6, 8, 10, 11, 12, 13, 14, 15 and 16 OF TRACT NO. 12270, CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 109 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBERS: 443-090-023; 025; 026; 028; 030; 031; 032; 033; 034; 035; 036.

Exhibit B

**Number of Units by Unit Size and Targeted Area Median Income (AMI) Levels**

Maximum Household Income	30% AMI	50% AMI	Sub-Total	Manager Unit	Total
2-Bedroom	2	26	28	1	29
3-Bedroom	2	10	12	-	12
Total	4	36	40	1	41

## Exhibit C

### **INSURANCE REQUIREMENTS**

Prior to initiating work on the Project and continuing through throughout the term of this Agreement, Owner shall obtain and maintain the following policies of insurance:

(a) a commercial general liability policy in the amount of Two Million Dollars (\$2,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as Authority may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) a comprehensive automobile liability coverage in the amount of Two Million Dollars (\$2,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to Authority evidence satisfactory to Authority that Owner and any contractor with whom Owner has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

(c) Owner and the general partners thereof shall furnish or cause to be furnished to Authority evidence satisfactory to Authority that Owner and any contractor with whom Owner has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries statutory Workers' Compensation insurance and Employer's Liability insurance in a minimum amount of One Million Dollars (\$1,000,000) per accident.

(d) Upon commencement of rehabilitation or construction and continuing until issuance of a Certificate of Completion, Owner and all contractors working on behalf of Owner shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming Authority as loss payee.

(e) Upon completion of Project rehabilitation or construction, Owner shall maintain property insurance covering all risks of loss (other than earthquake), including flood (if required) for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to Authority, naming Authority as loss payee.

(f) Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Authority as loss payee as its interests may appear.

(g) Prior to commencement of rehabilitation or construction work, Owner shall furnish Authority with certificates of insurance in form acceptable to Authority evidencing the required insurance

coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify Authority of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

The additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94. Upon request by Authority's Risk Manager, Owner shall provide or arrange for the insurer to provide within thirty (30) days of the request, certified copies of the actual insurance policies or relevant portions thereof.

(h) If any insurance policy or coverage required hereunder is canceled or reduced, Owner shall, within fifteen (15) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Authority a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Authority may, without further notice and at its option, procure such insurance coverage at Owner's expense, and Owner shall promptly reimburse Authority for such expense upon receipt of billing from Authority.

(i) Coverage provided by Owner shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by Authority, and the policies shall so provide. The insurance policies shall contain a waiver of subrogation for the benefit of the Authority. Owner shall furnish the required certificates and endorsements to Authority prior to the commencement of rehabilitation or construction work on the Project, and shall provide Authority with certified copies of the required insurance policies upon request of Authority.

(j) Deductibles/Retentions. Any deductibles or self-insured retentions shall be declared to, and be subject to approval by, Authority's Risk Manager. At the option of and upon request by Authority's Risk Manager if the Risk Manager determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects the Indemnitees or Owner shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

(k) Adjustments. The limits of the liability coverage and, if necessary, the terms and conditions of insurance, shall be reasonably adjusted from time to time (not less than every five (5) years after the Effective Date nor more than once in every three (3) year period) to meet changes in circumstances, including, but not limited to, changes in the purchasing power of the dollar and the litigation climate in California. Within thirty (30) days following Authority's delivery of written notice to Owner of any such adjustments, Owner shall provide Authority with amended or new insurance certificates and endorsements evidencing compliance with such adjustments.

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## AGREEMENT AMENDING LOAN DOCUMENTS

This Agreement Amending Loan Documents (this "**Agreement**") is entered into effective as of \_\_\_\_\_, 2015 ("**Effective Date**") by and between the between the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) ("**Authority**") and Mobley Lane Partners, LP, a California limited partnership ("**Developer**"). The Authority and the Developer are collectively referred to herein as the "**Parties.**"

### RECITALS

A. Developer is the owner of the real property located at located at 598, 599 and 575 Mobley Lane in the City of Hemet, California, known as Riverside County Assessor's Parcel Nos. 443-090-025, -032, and -033 (the "**Phase 1 Property**"), and pursuant to the DDA (defined below), has the contractual right to acquire the property located at 550, 622, 670, 647, 623, 551, 527 and 503 Mobley Lane in the City of Hemet, known as Riverside County Assessor's Parcel Nos. 443-090-023, -026, -028, -030, -031, -034, -035, and -036 (the "**Phase 2 Property**" and together with the Phase 1 Property, collectively referred to herein as the "**Property**").

B. Developer intends to construct, own and operate an affordable housing development on the Property (the "**Project**") in accordance with that certain Disposition, Development and Loan Agreement (the "**DDA**") dated as of September 15, 2013, executed by and between the Authority and Riverside Housing Development Corporation, a California nonprofit public benefit corporation ("**RHDC**"). RHDC's rights and obligations under the DDA were assigned to Owner pursuant to that certain unrecorded Assignment of Rights and Obligations Under Disposition and Development Agreement dated as of December 5, 2013 and executed by and between RHDC and Developer, and consented to by the Authority. A Memorandum of the DDA was recorded on December 16, 2013 as Instrument No. 2013-0580438 in the Official Records of Riverside County ("**Official Records**").

C. Pursuant to the DDA, Developer executed and delivered to the Authority a Secured Promissory Note dated as of December 5, 2013, in the original principal amount of \$1,219,000 (the "**First Note**") and a Secured Promissory Note dated as of December 5, 2013 in the original principal amount of \$252,000 (the "**Second Note**"), and Owner executed a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing dated as of December 5, 2013 (the "**Original Deed of Trust**") to secure repayment of both the First Note and the Second Note. The Original Deed of Trust was recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580437.

D. In accordance with the DDA, the Authority and Developer executed an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated as of December 5, 2013 and recorded in the Official Records on December 16,

2013 as Instrument No. 2013-0580439 (the “**Original Regulatory Agreement**”). The Original Regulatory Agreement, the First Note, the Second Note, the Original Deed of Trust and the DDA are collectively referred to herein as the “**Original Loan Documents**.”

E. The Parties desire to amend the Original Loan Documents as set forth herein.

**NOW THEREFORE**, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Modification of Project. The Parties agree that notwithstanding any contrary provision of any of the Original Loan Documents, Phase 1 of the Project shall include twelve (12) residential rental units consisting of eight (8) two-bedroom units and four (4) three-bedroom units, and Phase 2 of the Project shall include twenty-one (21) two-bedroom units (one of which shall be a manager’s unit) and eight (8) three-bedroom units.
2. Modification of First Note. The Parties agree that the First Note shall be payable on a residual receipts basis from Project cash flow as described in the Amended and Restated Secured Promissory Note attached hereto as Exhibit A (the “**Amended and Restated First Note**”). At the closing for the conveyance of the Phase 2 Property from Authority to Developer (the “**Closing**”), Developer shall execute and deliver to Authority the Amended and Restated First Note substantially in the form attached hereto as Exhibit A. The Amended and Restated First Note shall amend and restate the First Note in its entirety.
3. Modification of Second Note. The Parties agree that notwithstanding any contrary provision of the Loan Documents, the Second Note shall be payable on a residual receipts basis from Project cash flow, and the Maturity Date of the Second Note shall be extended as described in the Amended and Restated Secured Promissory Note attached hereto as Exhibit B (the “**Amended and Restated Second Note**”). At the Closing, Developer shall execute and deliver to Authority the Amended and Restated Second Note substantially in the form attached hereto as Exhibit B. The Amended and Restated Second Note shall amend and restate the Second Note in its entirety.
4. Modification of Original Deed of Trust. At the Closing, Developer shall execute and cause to be recorded in the Official Records, an Amended and Restated Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing substantially in the form attached hereto as Exhibit C-1 (the “**Amended First Deed of Trust**”). The Amended First Deed of Trust shall be recorded against both the Phase 1 Property and the Phase 2 Property and shall secure Developer’s obligation to repay the Amended and Restated First Note. At the Closing, Developer shall execute and cause to be recorded in the Official Records, an Amended and Restated Deed of Trust, Assignment

of Rents, Security Agreement and Fixture Filing substantially in the form attached hereto as Exhibit C-2 (the "**Amended Second Deed of Trust**"). The Amended Second Deed of Trust shall be recorded against both the Phase 1 Property and the Phase 2 Property and shall secure Developer's obligation to repay the Amended and Restated Second Note. The Amended First Deed of Trust and the Amended Second Deed of Trust shall amend, restate and supersede the Original Deed of Trust.

5. Modification of Regulatory Agreement. The Parties agree to execute an Amended and Restated Affordable Housing and Regulatory Agreement substantially in the form attached hereto as Exhibit D (the "**Amended Regulatory Agreement**"). The Amended Regulatory Agreement shall be recorded against the Phase 1 Property and the Phase 2 Property. The Amended and Restated Regulatory Agreement shall amend and restate the Original Regulatory Agreement in its entirety.

6. Seller Takeback Loan. In connection with the conveyance of the Phase 2 Property to Developer, Authority shall provide a seller takeback loan in the amount of \$2,200,000 (the "**Seller Takeback Loan**"). At the Closing, Developer shall execute and deliver to Authority a Secured Promissory Note in the amount of the Seller Takeback Loan substantially in the form attached hereto as Exhibit E (the "**Seller Takeback Note**"). To secure repayment of the Seller Takeback Note, at the Closing, Developer shall execute and cause to be recorded in the Official Records, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing substantially in the form attached hereto as Exhibit F (the "**Seller Takeback Deed of Trust**").

7. Grant Deed. The Parties will execute a Grant Deed pursuant to which Authority will convey the Phase 2 Property to Developer. The Grant Deed shall be executed substantially in the form attached hereto as Exhibit G (the "**Grant Deed**") and shall be recorded at the Closing.

8. Authority Documents. The term "**Authority Documents**" means collectively, the DDA, this Agreement, the Amended and Restated First Note, the Amended and Restated Second Note, the Amended First Deed of Trust, the Amended Second Deed of Trust, the Amended Regulatory Agreement, the Seller Takeback Note, the Seller Takeback Deed of Trust, and the Grant Deed.

9. Memorandum; Right of Reverter and Options. The Authority acknowledges that the conditions that would have given the Authority the right to exercise its right of reverter pursuant to Section 9.8 of the DDA or its options pursuant to Section 9.9 and Section 9.9.1 of the DDA have not occurred. The Authority agrees that upon request by Developer, Authority will record an instrument stating that such right of reverter and option rights have terminated.

10. DDA. Except as expressly modified by this Agreement, all provisions of the DDA shall remain unchanged and in full force and effect.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 Exhibits. Exhibits A through G attached hereto are hereby incorporated herein by reference. To the extent that any of the terms and conditions set forth in the Exhibits to this Agreement contradict provisions of the DDA, the terms and conditions set forth in the Exhibits to this Agreement shall prevail.

11.3 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.4 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

11.5 Further Assurances. The Parties each agree to execute, acknowledge and deliver to the other such other documents and instruments, and to take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

**SIGNATURES ON FOLLOWING PAGES.**

IN WITNESS WHEREOF, the Parties have executed this Agreement Amending Loan Documents as of the date first written above.

**AUTHORITY:**

HEMET HOUSING AUTHORITY, a public corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Authority Counsel

**OWNER:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

Exhibit A

**AMENDED AND RESTATED FIRST NOTE**

(Attach form of Amended and Restated First Note (\$1,242,177.70))

Exhibit B

**AMENDED AND RESTATED SECOND NOTE**

(Attach form of Amended and Restated Second Note (\$268,770.08))

Exhibit C-1

**AMENDED FIRST DEED OF TRUST**

(Attach form of Amended First Deed of Trust)

Exhibit C-1

**AMENDED SECOND DEED OF TRUST**

(Attach form of Amended Second Deed of Trust)

Exhibit D

**AMENDED REGULATORY AGREEMENT**

(Attach form of Amended Regulatory Agreement)

Exhibit E

**SELLER TAKEBACK NOTE**

(Attach form of Seller Takeback Note)

Exhibit F

**SELLER TAKEBACK DEED OF TRUST**

(Attach form of Seller Takeback Deed of Trust)

Exhibit G

**GRANT DEED**

(Attach form of Grant Deed)

DRAFT

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Hemet Housing Authority  
445 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**GRANT DEED**

(Mobley Lane - Phase 2)

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (the "**Grantor**") hereby grants and conveys to Mobley Lane Partners, LP, a California limited partnership (the "**Grantee**"), the real property (the "**Property**") located in the City of Hemet, County of Riverside, California at 550, 622, 670, 647, 623, 551, 527 and 503 Mobley Lane, known as Riverside County Assessor's Parcel Nos. 443-090-023, -026, -028, -030, -031, -034, -035, and -036, and more particularly described in Exhibit A attached hereto and incorporated in this grant deed ("**Grant Deed**") by this reference.

1. Development Requirements. The Property is conveyed subject to that certain Disposition, Development and Loan Agreement dated as of September 15, 2013 and entered into by and between Grantor and Grantee's predecessor in interest (as assigned to Grantee and subsequently amended, the "**Agreement**"). A Memorandum of Option and Loan Agreement dated as of December 5, 2013 (the "**Memorandum**") was recorded in the Official Records of Riverside County ("**Official Records**") on December 16, 2013 as Instrument No. 2013-0580438. The Property is further conveyed subject to certain requirements, including without limitation those set forth in that certain Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants executed by and between Grantor and Grantee, dated as of the date hereof (the "**Regulatory Agreement**") and recorded substantially concurrently herewith.
2. Rehabilitation of Improvements. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee and such successors and assigns shall promptly begin and diligently prosecute to completion the rehabilitation of the improvements located on the Property (the "**Improvements**") in accordance with the Agreement, including without limitation the provisions of the Agreement that specify time periods for commencement and completion of construction.

T E A R T

3. Certificate of Completion. Promptly following completion of the rehabilitation of the Improvements in accordance with the Agreement and the City of Hemet's issuance of a final certificate of occupancy for the Improvements, the Grantor will furnish the Grantee with an instrument so certifying (a "**Certificate of Completion**"). Such Certificate of Completion shall constitute conclusive determination of satisfactory completion of rehabilitation of the Improvements and compliance with the covenants in the Agreement and in this Grant Deed regarding the dates for the commencement and completion of such construction.

3. Operation of Improvements. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall operate and maintain the Property and Improvements in compliance with all requirements for operation and maintenance set forth in the Agreement and the Regulatory Agreement, including without limitation the provisions of the Regulatory Agreement that address rent and occupancy restrictions.

4. Non-Discrimination. Grantee shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Grantee covenants for itself and all persons claiming under or through it, and this Grant Deed is made and accepted upon and subject to the condition 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 or part thereof, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof.

All deeds, leases or contracts made or entered into by Grantee, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a 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 herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or

occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In Contracts, the following language shall appear:

“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 transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or

segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

5. Restrictions on Transfer. The Grantee covenants and agrees that the Property and Improvements will be used for the purposes of timely rehabilitation and the provision of affordable housing as set forth in the Agreement and not for speculation in landholding. The Grantee further recognizes that Grantor entered into the Agreement with Grantee and agreed to convey the Property to Grantee in reliance on the qualifications and identity of Grantee, and that the qualifications of Grantee are of particular concern to Grantor, particularly in view of the importance of the rehabilitation of the Improvements to the general welfare of the community, the financial and other assistance provided by Grantor to facilitate rehabilitation of the Improvements, and the reliance by Grantor upon the unique qualifications and ability of the Grantee to rehabilitate, operate and manage the Property as an affordable housing development. Grantee covenants, for itself and its successors and assigns, that there shall be no sale, transfer, assignment, conveyance, lease, pledge or encumbrance of the Agreement or the Property and the Improvements thereon or any part thereof, or of any ownership interest in the Grantee in violation of the Agreement. No voluntary or involuntary successor in interest of the Grantee shall acquire any rights or powers under this Grant Deed or the Agreement except as expressly set forth in this Grant Deed or the Agreement.
6. Duration of Covenants. The covenants contained in Section 2 regarding rehabilitation and construction shall remain in effect until the issuance of a Certificate of Completion pursuant to Agreement. The covenants in Section 3 regarding use, operation and maintenance shall remain in effect throughout the term of the Regulatory Agreement. The covenants against discrimination contained in Section 4 shall remain in effect in perpetuity. The covenants against prohibited sales, transfers, assignments, conveyances, leases, pledges and encumbrances contained in Section 5 shall remain in effect throughout the term of the Regulatory Agreement.
7. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Agreement; provided, however, that any successor of Grantee to the Property and Improvements shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.
8. Binding on Successors. The covenants contained in Sections 2, 3, 4, and 5 of this Grant Deed, without regard to technical or legal classification or designation specified in this Grant Deed or otherwise, shall to the fullest extent permitted by law and equity, be binding upon Grantee and any successor in interest to the Property and Improvements or any part thereof, for the benefit of Grantor, and its successors and assigns, and such covenants shall run in favor of and be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and its

successors and assigns shall have the right to exercise all rights and remedies available under law or in equity to enforce the curing of such breach.

9. Amendments. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property and Improvements shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this Section, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Property and Improvements in fee title, and shall not include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and Improvements.

10. Conflict Among Documents. In the event there is a conflict between the provisions of this Grant Deed and the Agreement, it is the intent of the parties that the Agreement shall control.

11. Grantee's Acknowledgement. By its execution of this Grant Deed, Grantee has acknowledged and accepted the provisions hereof.

12. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant Deed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**GRANTOR:**

HEMET HOUSING AUTHORITY, a public corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Authority Counsel

**GRANTEE:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

**SIGNATURES MUST BE NOTARIZED.**





Exhibit A

**PROPERTY**

(Attach legal description of Phase 2 Property.)

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

LOTS 3, 6, 8, 10, 11, 14, 15 and 16 OF TRACT NO. 12270, CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 109 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBERS: 443-090-023; -026; -028; -030; -031; -034; -035; and -036

**DRAFT**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Hemet Housing Authority  
445 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

[Mobley Lane – Phase 1 - First Loan]

THIS AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“**Deed of Trust**”) is made as of \_\_\_\_\_, 2015, by Mobley Lane Partners, LP, a California limited partnership (“**Trustor**”) to Lawyers Title Company, a California corporation having a mailing address of 3480 Vine Street, Suite 300, Riverside, California 92507 as trustee (“**Trustee**”), for the benefit of the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (“**Beneficiary**”).

RECITALS

A. Trustor owns fee simple title to the land described in Exhibit A attached hereto and incorporated herein by this reference (the “**Land**”). The Land is located in the City of Hemet, Riverside County, California. Trustor intends to rehabilitate, own and operate an affordable multifamily residential development on the Land (the “**Project**”).

B. Beneficiary and Trustor’s predecessor in interest entered into a Disposition, Development and Loan Agreement dated as of September 15, 2013 (as assigned to Trustor and as subsequently amended, the “**Loan Agreement**”) pursuant to which Beneficiary has provided to Trustor a loan in the original principal amount of One Million, Two Hundred Nineteen Thousand Dollars (\$1,219,000) (the “**First Loan**”), and a second loan in the original principal amount of Two Hundred Fifty-Two Thousand Dollars (\$252,000) (the “**Second Loan**”) for the purpose of partially financing the rehabilitation of the Project and the payment of certain predevelopment expenses for the Project. A Memorandum of the Loan Agreement was recorded in the Official Records of Riverside County (“**Official Records**”) on December 16, 2013 as Instrument No. 2013-0580438. Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an amendment to the Loan Agreement that describes,

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among other things, Beneficiary's provision of a seller take-back loan to Trustor in the amount of \$2,200,000 (the "**Seller Takeback Loan**") in connection with Trustor's acquisition of a portion of the Property from Beneficiary. Trustor's obligation to repay the Seller Takeback Loan is evidenced by a secured promissory note dated as of the date hereof (the "**Seller Takeback Note**"), and is secured by a separate deed of trust (the "**Seller Takeback Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith.

C. Trustor has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the First Loan together with interest accrued thereon (the "**Original First Note**"), and has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the Second Loan together with interest accrued thereon (the "**Original Second Note**"). Repayment of the Original First Note and the Original Second Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580437 (the "**Original Deed of Trust**"). Concurrently with the execution and recordation of this Deed of Trust, Trustor will execute and deliver to Beneficiary an Amended and Restated Secured Promissory Note in the amount of \$1,242,177.70 (the "**Amended First Note**") which will amend and restate the Original First Note in its entirety and an Amended and Restated Secured Promissory Note in the amount of \$268,770.08 (the "**Amended Second Note**") which will amend and restate the Original Second Note in its entirety. Borrower's obligation to repay the Amended Second Note is secured by a separate amended and restated deed of trust (the "**Amended Second Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith.

D. The Amended First Note is referred to herein as the "**Note**". The First Loan is referred to herein as the "**Loan**".

E. Trustor and Beneficiary executed an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (the "**Original Regulatory Agreement**"), dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580439. Among other provisions, the Regulatory Agreement requires the residential units in the Project to be rented to Eligible Households at Affordable Rents (as defined in the Regulatory Agreement). Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an Amended and Restated Regulatory Agreement (the "**Amended Regulatory Agreement**") that will amend and restate the Original Regulatory Agreement in its entirety and that will be recorded in the Official Records substantially concurrently herewith.

F. As a condition precedent to Beneficiary's agreement to modify certain terms of the original financing and to provide the Seller Takeback Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the Loan Documents (defined below).

G. This Deed of Trust is intended to amend, restate and supersede the Original Deed of Trust.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design documents and studies produced in connection with development of the Land and rehabilitation

or construction of the Improvements (collectively, “**Plans**”); and

h. All interests and rights in any private or governmental grants, subsidies, loans or other financing provided in connection with development of the Land and rehabilitation or construction of the Improvements (collectively, “**Financing**”).

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the “**Property**.”

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the “**Secured Obligations**”): (i) all present and future indebtedness evidenced by the Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary’s interests under this Deed of Trust or any other Loan Document as such may be modified, supplemented, amended, renewed or extended. The Amended First Note, the Amended Second Note, the Seller Takeback Note, the Loan Agreement, the Amended Regulatory Agreement, this Deed of Trust, the Amended Second Deed of Trust, and the Seller Takeback Deed of Trust are hereinafter collectively referred to as the “**Loan Documents**.”

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys’ fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary’s right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust,

Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. Trustor intends this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "UCC"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present

or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Riverside County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that: (i) Trustor lawfully possesses and holds a fee simple interest in the Land and the Improvements, (ii) Trustor has good and marketable title to all of the Property; (iii) other than as limited by the Loan Documents, Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; (iv) subject only to encumbrances of record and senior liens permitted pursuant to the Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"), this Deed of Trust creates a valid lien on Trustor's entire interest in the Property; (v) except with respect to Permitted Encumbrances, Trustor owns the Property free and clear of all deeds of trust, mortgages, security agreements, reservations of title or conditional sales contracts, (vi) there is no financing statement affecting the Property or any part thereof on file in any public office other than as disclosed in writing to Beneficiary; and (vii) the correct address of Trustor's chief executive office is specified in Section 10.2.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, and except as disclosed to Beneficiary in writing, no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (ii) except as disclosed to Beneficiary in writing, no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iii) except as disclosed to Beneficiary in writing, there are no threatened or pending actions, suits, or administrative proceedings against

or affecting the Property or any portion thereof or the interest of Trustor in the Property; (iv) there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (v) Trustor has not received any notice from any insurer of defects of the Property which have not been corrected; (vi) there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (vii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (viii) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the Loan Documents in accordance with the respective terms thereof.

7.5 Use of Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the proceeds of the Loan (the "**Loan Proceeds**") solely for purposes authorized by the Loan Documents. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants to comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations, and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Default hereunder if the Property, any part thereof, or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Documents or if any other Transfer (as defined in the Loan Documents) occurs in violation of the

Loan Documents. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the Loan Documents. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value redetermined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to 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; provided however, if Trustor is not in default under the Loan Documents, the proceeds shall be released to Trustor to repair or rebuild the Project. 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. Notwithstanding anything to the contrary set forth herein, provided that Trustor is not in default under any Loan Document,

Trustor shall be permitted to use the proceeds of insurance to rebuild the Improvements.

7.10.1 Trustor shall at all times during the term hereof, maintain insurance coverage in the amounts and in accordance with the requirements specified in the Loan Documents, and shall otherwise comply with all requirements pertaining to insurance specified in Article X of the Loan Agreement, the Regulatory Agreement, or this Deed of Trust.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least thirty (30) days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials.

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought

upon, kept, stored or used in, on, under, or about the Land by Trustor, its agents, employees, contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of residential developments and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

To the fullest extent permitted by law, Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, “**Indemnitees**”) harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually “**Claim**” and collectively “**Claims**”) arising in connection with the breach of Trustor’s covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor’s own cost and expense, do all of the following:

- a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;
- b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and
- c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor’s obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Trustor to receive notice of or consideration for any of the following: (i) any amendment or modification of any Loan Document; (ii) any extensions of time for performance required by any Loan Document; (iii) any provision in any of the Loan Documents limiting Beneficiary’s recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by

Trustor under this Deed of Trust or by Trustor or any other party under any Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "**Environmental Provisions**"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("**Section 736**") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

"**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code

Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

“**Environmental Law**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within three business days of the occurrence of such loss. Trustor shall ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three (3) business days of Trustor’s receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor’s sole expense, Trustor shall protect, preserve

and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.18 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any Property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any Loan Document, (b) any representation by Trustor in any Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises out of the Property, or any Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste

committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property; or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Insurance and Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby 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. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, insurance and/or condemnation proceeds may be used to repair and/or restore the Project.

7.16 Release, Extension, Modification. At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor if Trustor fails to do so in the time provided for cure, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining

insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 either with or without giving notice, except for notices required under applicable law. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners shall have the right to cure any default of Trustor hereunder upon the same terms and conditions afforded to Trustor.

Beneficiary shall provide any notice of default hereunder to the limited partners at the address set forth in Section 10.2 below, concurrently with the provision of such notice to Trustor.

## 8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events.

a. Beneficiary's declaration of an Event of Default under any Loan Document, subject to the expiration of any applicable cure period set forth in the applicable document;

b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, or under any other Loan Document, and does not cure that failure within thirty (30) days following written notice from Beneficiary or Trustee;

c. If Trustor's interest in the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the Loan Documents and Trustor fails to rescind such conveyance or otherwise cure such breach within the time period specified in paragraph j below;

d. Trustor fails to maintain the insurance coverage required hereunder or under the other Loan Documents, or otherwise fails to comply with the requirements of Section 7.10 hereof, and Trustor fails to cure such default within the applicable time specified in Section 7.10;

e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay when due any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within thirty (30) days of the date of delinquency, but in all events prior to the imposition of any such tax or other lien.

f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other Loan Document proves to have been false or

misleading in any material adverse respect when made;

g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, or substantially all of such entity’s assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project or any part thereof, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder’s documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within thirty (30) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within thirty (30) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary’s reasonable judgment cannot reasonably be cured within thirty (30) days, an Event of Default shall not arise hereunder if Trustor commences to cure such default within thirty (30) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than sixty (60) days following receipt of notice of default.

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary’s rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys’ fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the 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, and at Beneficiary's request shall, postpone sale of all or any portion of the 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 and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees that regardless of whether or not a default has occurred hereunder, if an Event of Default has occurred under the Loan Documents, and if in connection with such Event of Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

- a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and
- b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein,

including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail; or
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier.

**TRUSTOR:** Mobley Lane Partners, LP  
c/o Riverside Housing Development Corporation  
4250 Brockton Avenue  
Riverside, California 92501  
Attention: Executive Director  
Ph: (951) 341-0170

With a copy to: Wakeland Mobley, LLC  
c/o Wakeland Housing and Development Corporation  
1230 Columbia Street, Suite 950  
San Diego, California 92101  
Ph: (619) 235-2296

And with a copy to: Raymond James Housing Opportunities Fund 27, LLC  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Facsimile No.: (727) 567-8455

And with a copy to: Kyle Arndt, Esq.  
Bocarsly Emden Cowan Esmail & Arndt LLP  
633 W. 5<sup>th</sup> Street, 64<sup>th</sup> Floor  
Los Angeles, California 90071  
Facsimile No.: (213) 239-0410

**BENEFICIARY:** Hemet Housing Authority  
45 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

With a copy to: Burke, Williams & Sorensen, LLP  
1901 Harrison Street, Suite 900  
Oakland, CA 94612  
Attention: Susan Bloch, Esq.

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Riverside County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws.

Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's Executive Director or by any person who shall have been designated by Beneficiary's Executive Director, without further approval by the governing board of Beneficiary.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Counterparts. This Deed of Trust may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.12 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "TCAC Regulatory Agreement"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended (the

“Code”). In the event of a foreclosure of Beneficiary’s interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a “Foreclosure”), the following rule shall apply pursuant to Section 42(h)(6)(e)(ii) of the Code:

With respect to any dwelling units that had been regulated by the TCAC Regulatory Agreement, for a period of three (3) years following a Foreclosure: none of the tenants occupying such units at the time of the Foreclosure may be evicted or have their tenancy terminated other than for good cause, nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

**SIGNATURES ON FOLLOWING PAGE.**

**IN WITNESS WHEREOF**, Trustor has executed this Amended and Restated Deed of Trust as of the date first written above.

**TRUSTOR:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

**SIGNATURES MUST BE NOTARIZED.**

**ACKNOWLEDGMENT**

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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(Name of Notary)

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.

\_\_\_\_\_  
(Notary Signature)



Exhibit A

**LAND**

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

LOTS 3, 5, 6, 8, 10, 11, 12, 13, 14, 15 and 16 OF TRACT NO. 12270, CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 109 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBERS: 443-090-023; 025; 026; 028; 030; 031; 032; 033; 034; 035; 036.

DRAFT

AMENDED AND RESTATED SECURED PROMISSORY NOTE  
(Mobley Lane – Phase 1)

\$1,242,177.70

Hemet, California  
\_\_\_\_\_, 2015

**FOR VALUE RECEIVED**, Mobley Lane Partners, LP, a California limited partnership (“**Borrower**”), promises to pay to the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (the “**Authority**”), in lawful money of the United States of America, the principal sum of One Million, Two Hundred Forty-Two Thousand Dollars, One Hundred Seventy-Seven and 70/100 (\$1,242,177.70) or so much thereof as may be advanced by Authority pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance of this Note at the rate of one percent (1.0%) simple interest per annum. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed.

This Secured Promissory Note (this “**Note**”) has been executed and delivered pursuant to and in accordance with a Disposition, Development and Loan Agreement, dated as of September 15, 2013, executed by and between Authority and Borrower’s predecessor in interest whose interest therein was subsequently assigned to Borrower (as subsequently amended, the “**Loan Agreement**”), and is subject to the terms and conditions of the Loan Agreement, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note amends and restates in its entirety that certain Secured Promissory Note in the original principal amount of One Million, Two Hundred Nineteen Thousand Dollars (\$1,219,000) dated as of December 5, 2013, and executed by Borrower for the benefit of Authority (the “**Original Second Note**”). The original principal amount of this Note is equal to the sum of One Million, Two Hundred Nineteen Thousand Dollars (\$1,219,000) constituting the outstanding principal balance of the Original Second Note, together with the sum of Twenty-Three Thousand, One Hundred Seventy-Seven and 70/100 Dollars (\$23,177.70) constituting interest accrued thereon as of the Closing date.

This Note is secured by an Amended and Restated Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“**Deed of Trust**”) dated as of the date hereof, executed by Borrower for the benefit of Authority and encumbering the property described therein. Authority shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the Loan Agreement, and the other Authority Documents, including without limitation, that certain Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated as of the date hereof, and executed by and between Authority and Borrower and recorded in the Official Records of Riverside County (the “**Regulatory Agreement**”). The rent

T F A R O

restrictions and other requirements set forth in the Regulatory Agreement shall remain effective for the full term of the Regulatory Agreement and shall survive the repayment of this Note.

1. PAYMENTS.

1.1 PAYMENT DATES; MATURITY DATE. Annual payments on this Note shall be payable on a residual receipts basis with fifty percent (50%) of all Surplus Cash (defined below) payable to Authority toward principal and accrued interest. Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon and any other sums accrued hereunder shall be payable in full on the date (the "**Maturity Date**") which is the earlier of (i) the fifty-fifth (55th) anniversary of the date upon which the City of Hemet issues a final certificate of occupancy or equivalent for the Phase 2 Project, or (ii) the fifty-seventh (57th) anniversary of the date hereof; provided however, the Maturity Date shall not be earlier than the date of expiration or termination of any Regulatory Agreement recorded by the California Tax Credit Allocation Committee (TCAC) against the Property in connection with an allocation of Federal Low-Income Housing Tax Credits for the Project.

1.2 ANNUAL PAYMENTS FROM SURPLUS CASH. By no later than November 1 of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall pay to Authority fifty percent (50%) of all Surplus Cash generated by the Project during the previous fiscal year to reduce the indebtedness owed under this Note. As used in this Note, "fiscal year" means the period beginning on July 1 and ending on June 30. No later than September 30th of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall provide to Authority Borrower's calculation of Surplus Cash for the previous fiscal year, accompanied by such supporting documentation as Authority may reasonably request, including without limitation, an independent audit prepared for the Project by a certified public accountant in accordance with generally accepted accounting principles. No later than May 1 of each year following issuance of the final certificate of occupancy for the Project, Borrower shall provide to Authority a projected budget for the following fiscal year which shall include an estimate of Surplus Cash.

1.2.1 "**Surplus Cash**" shall mean for each fiscal year during the term hereof, the amount by which Gross Revenue (defined below) exceeds Annual Operating Expenses (defined below) for the Project. Surplus Cash shall also include net cash proceeds realized from any refinancing of the Project, less fees and closing costs reasonably incurred in connection with such refinancing, and any Authority-approved uses of the net cash proceeds of the refinancing.

1.2.2 "**Gross Revenue**" shall mean for each fiscal year during the term hereof, all revenue, income, receipts and other consideration actually received by Borrower from the operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants; Section 8 payments or other rental subsidy payments received for the dwelling units; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance;

the proceeds of casualty insurance not required to be paid to the holders of Approved Senior Loans (provided however, expenditure of such proceeds for repair or restoration of the Project shall be included within Annual Operating Expenses in the year of the expenditure, and with Authority's written consent, proceeds of casualty insurance may be excluded from Gross Revenue until the year such proceeds will be expended for repair or restoration of the Project provided that Borrower provides adequate assurance that such proceeds will be expended for such purposes); condemnation awards for a taking of part or all of the Property or the Improvements for a temporary period; and the fair market value of any goods or services provided to Borrower in consideration for the leasing or other use of any part of the Project. Gross Revenue shall include any release of funds from replacement and other reserve accounts to Borrower other than for costs associated with the Project. Gross Revenue shall not include tenant security deposits, loan proceeds, capital contributions or similar advances.

1.2.3 **"Annual Operating Expenses"** shall mean for each fiscal year during term hereof, the following costs reasonably and actually incurred for the operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments; debt service currently due and payable on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Project) on loans which have been approved in writing by the Authority and which are secured by deeds of trust senior in priority to the Deed of Trust ("**Approved Senior Loans**"); a property management fee in the amount equal to Fifty-Five Dollars (\$55.00) per unit per month; premiums for property damage and liability insurance; utility service costs not paid for directly or indirectly by tenants; maintenance and repair costs; fees for licenses and permits required for the operation of the Project; organizational costs (e.g., annual franchise tax payments) and costs associated with accounting, tax preparation and legal fees of Borrower incurred in the ordinary course of business; expenses for security services; advertising and marketing costs; payment of deductibles in connection with casualty insurance claims not paid from reserves; tenant services; the amount of uninsured losses actually replaced, repaired or restored and not paid from reserves; cash deposits into reserves for capital replacements in an amount no more than \$300 per unit per year or such greater amount as reasonably required by the holder of an Approved Senior Loan or as required by a physical needs assessment prepared by a third-party selected or approved by Authority and prepared at Borrower's expense; cash deposits into operating reserves in an amount reasonably approved by the Authority or required by the holder of an Approved Senior Loan, but only if the accumulated operating reserve does not exceed three (3) months' projected Project operating expenses; any previously unpaid portion of the Developer Fee (without interest), subject to the limit set forth in this Section; and other ordinary and reasonable operating expenses. The Phase 1 Developer Fee shall be limited to the aggregate sum of Two Hundred Thousand Dollars (\$200,000); the aggregate Developer Fee payable for Phase 1 and Phase 2 of the Project shall not exceed the lesser of Seven Hundred Seventy Thousand Dollars (\$770,000) or the maximum allowable pursuant to California Tax Credit Allocation Committee regulations. Commencing upon the Project placed in service date, Annual Operating Expenses shall include a partnership management fee in an annual amount equal to the lesser of the amount actually paid to Borrower's managing general partner pursuant to Borrower's partnership agreement or the sum of Thirty-Five Thousand Dollars (\$35,000), and an asset management fee payable to Borrower's investor limited partner in the maximum annual amount of Four Thousand Dollars (\$4,000), each payable only during the first fifteen (15) years following the date upon which the

Project is place in service, and each increasing annually by the lesser of three percent (3%) or the increase in the Consumer Price Index-Urban (CPI-U) for the Los Angeles-Riverside-Orange County, California area over the prior year.

Notwithstanding any contrary provision hereof, in each fiscal year during the term hereof, in the aggregate, Borrower shall be obligated to pay to Authority fifty percent (50%) of Surplus Cash toward principal and interest due under (i) this Note, (ii) that certain Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the Authority in the original principal amount of \$2,200,000, and (iii) that certain Amended and Restated Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the Authority in the original principal amount of \$268,770.08, it being understood that the sum of payments due in the aggregate under all three of the foregoing notes for each fiscal year of the term hereof shall equal 50% of Surplus Cash generated by the Project in such fiscal year. In each fiscal year, Borrower shall have discretion to allocate Borrower's payment of 50% of Surplus Cash among the foregoing instruments in such proportion as Borrower may elect. The remaining 50% of Surplus Cash shall be allocated in accordance with Borrower's partnership agreement.

**1.2.4 EXCLUSIONS FROM ANNUAL OPERATING EXPENSES.** Annual Operating Expenses shall exclude the following: developer fees and interest on any deferred developer fees (except as permitted pursuant to Section 1.2.3); contributions to Project operating or replacement reserves, except as provided in Section 1.2.3; debt service payments on any loan which is not an Approved Senior Loan, including without limitation, unsecured loans or loans secured by deeds of trust which are subordinate to the Deed of Trust; depreciation, amortization, depletion and other non-cash expenses; expenses paid for with disbursements from any reserve account; distributions to partners; any amount paid to Borrower, any general partner of Borrower, or any entity controlled by the persons or entities in control of Borrower or any general partner of Borrower. Notwithstanding the foregoing limitation regarding payments to Borrower and related parties, the following fees shall be included in Annual Operating Expenses, subject to applicable limitations set forth in Section 1.2.3 above, even if paid to Borrower, an affiliate of Borrower, or a partner of Borrower: fees paid to a property management agent, resident services agent, or social services agent; developer fees, partnership management fees, asset management fees, and subject to Section 1.2.5, repayment of cash advances by Borrower or its partners to cover Project operating expense deficits or emergency cash needs of the Project. Payments to Borrower, its partners or affiliates in excess of the limitations set forth in Section 1.2.3 shall not be counted toward Annual Operating Expenses for the purpose of calculating Surplus Cash.

**1.2.5 ADJUSTMENT TO OPERATING EXPENSES.** Notwithstanding anything to the contrary set forth herein, for the purpose of calculating Surplus Cash, Annual Operating Expenses shall include: (a) the repayment of operating deficit loans provided by Borrower's limited partner(s) provided however, interest payable on such loans may be included in Annual Operating Expenses only in an amount equivalent to the lesser of (i) interest accrued at the actual interest rate charged for the loan, or (ii) interest accrued at a rate equal to the Applicable Federal Rate, and (b) the amount of any tax credit adjustor that is required to be paid from Project cash flow.

1.3 COST SAVINGS. Within thirty (30) days after City's issuance of a final certificate of occupancy or equivalent for the Project, Borrower shall pay to the Authority as a reduction of the outstanding principal balance of this Note, a one-time payment in the amount of Excess Proceeds. "Excess Proceeds" shall mean the sum of all sources of financing received by Borrower for acquisition, construction and permanent financing of the Property and the Project, less the sum of actual uses as shown on the final cost certificate for the Project, including deferred developer fees (if any). Prior to calculating Excess Proceeds, the following payments and adjustments shall be made in the following order of priority: (i) any deferred portion of the Developer Fee shall be paid, subject to the limitations set forth in Section 1.2.3; (ii) the Project replacement reserve shall be funded in an amount equal to Forty-Five Thousand Dollars (\$45,000); (iii) the Project operating reserve shall be funded in an amount equal to the lesser of Fifty-Nine Thousand, One Hundred Dollars (\$59,100) or three (3) months' projected Project operating expenses, and (iv) the long-term rent reserve will be funded in the amount of Two Hundred Thousand Dollars (\$200,000). Interest earned on the foregoing reserves shall become a part of such reserves and used only for the purpose for which such reserves are established. If Authority exercises its option to reacquire or repurchase the Project pursuant to the Loan Agreement, or if Authority acquires the Project by foreclosure or deed in lieu of foreclosure, the balances of the foregoing reserves as of the date of notice of exercise shall be transferred to Authority.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 8.1 of the Regulatory Agreement) absent Authority consent, of all or any part of the Project or the Property or any interest therein other than a Transfer permitted without Authority consent pursuant to the Regulatory Agreement. Without limiting the generality of the foregoing, this Note shall not be assumable without Authority's prior written consent, which consent may be granted or denied in Authority's sole discretion. This Note may be assumed upon a Transfer of the Project to an affiliate of Borrower provided such Transfer has been approved by Authority pursuant to the Regulatory Agreement.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Loan Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to Authority at 445 E. Florida Avenue, Hemet, CA 92543 or such other place as Authority shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by Authority in writing.

## 2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder (“**Event of Default**”):

(A) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after Authority notifies Borrower thereof in writing.

(B) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower, or any general partner thereof, in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(C) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower, or any general partner thereof, or substantially all of such entity’s assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within ninety (90) days after its issuance.

(D) The occurrence of a Transfer in violation of Article VII of the Loan Agreement.

(E) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(F) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the Authority Documents and Borrower fails to cure such default within five (5) days.

(G) Subject to Borrower’s right to contest the following charges pursuant to the Authority Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within twenty (20) days, but in all events before the imposition of any such tax or other lien.

(H) If any representation or warranty contained in any Authority Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the Authority.

(I) An Event of Default shall have been declared under the Loan Agreement or any other Authority Document, including without limitation, the Regulatory Agreement, and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, Authority may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to Authority under this Note and the other Authority Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Authority including, without limitation, reasonable attorneys' fees, incurred in connection with Authority's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured by the Deed of Trust. The rights and remedies of Authority under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law (the "**Default Rate**"); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent Authority from exercising any of its other rights or remedies.

2.4 LIMITED PARTNERS RIGHT TO CURE. Borrower's limited partners shall have the right to cure any default of Borrower hereunder upon the same terms and conditions afforded to Borrower. Any cure tendered by a limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if tendered by Borrower.

### 3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER'S WAIVERS. No waiver by Authority of any right or remedy under this Note shall be effective unless in a writing signed by Authority. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by Authority will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by Authority will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of Authority to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and Authority.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed in the Superior Court of Riverside County, California, or in the Federal District Court for the Central District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of Authority and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and Authority under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make Authority the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor the general or limited partners of Borrower shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of Authority with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by Authority as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the Authority under the Deed of Trust and any financing statements Authority files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of Authority to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Authority to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other

collateral given to Authority in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the Authority to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which Authority may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to Authority hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to Authority hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of Authority to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under any Section of the Loan Agreement that obligates Borrower to indemnify Authority, or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by Authority (including without limitation reasonable attorneys' fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, or its general partners, or any officer, director or authorized representative of Borrower or its general partners in connection with the request for or creation of the Loan, or in any Authority Document, or in connection with any request for any action or consent by Authority in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the Authority Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Section 6.6 of the Loan Agreement or Section 7.11 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust;

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property; and

(i) the failure of Borrower to pay all amounts payable under this Note in full if Borrower Transfers the Property in violation of the Loan Agreement.

IN WITNESS WHEREOF, Borrower has executed and delivered this Amended and Restated Secured Promissory Note as of the date first written above.

**BORROWER:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

DRAFT

AMENDED AND RESTATED SECURED PROMISSORY NOTE  
(Mobley Lane – Phase 1)

\$268,770.08

Hemet, California  
\_\_\_\_\_, 2015

**FOR VALUE RECEIVED**, Mobley Lane Partners, LP, a California limited partnership (“**Borrower**”), promises to pay to the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (the “**Authority**”), in lawful money of the United States of America, the principal sum of Two Hundred Sixty-Eight Thousand, Seven Hundred Seventy and 08/100 Dollars (\$268,770.08) or so much thereof as may be advanced by Authority pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance of this Note at the rate of [Two and 58/100 percent (2.58%)] interest per annum, compounded annually. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed.

This Secured Promissory Note (this “**Note**”) has been executed and delivered pursuant to and in accordance with a Disposition, Development and Loan Agreement, dated as of September 15, 2013, executed by and between Authority and Borrower’s predecessor in interest whose interest therein was subsequently assigned to Borrower (as subsequently amended, the “**Loan Agreement**”), and is subject to the terms and conditions of the Loan Agreement, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note amends and restates in its entirety that certain Secured Promissory Note in the original principal amount of Two Hundred Fifty-Two Thousand Dollars (\$252,000) dated as of December 5, 2013, and executed by Borrower for the benefit of Authority (the “**Original Second Note**”). The original principal amount of this Note is equal to the sum of Two Hundred Fifty-Two Thousand Dollars (\$252,000) constituting the outstanding principal balance of the Original Second Note, together with the sum of Sixteen Thousand, Seven Hundred Seventy and 08/100 Dollars (\$16,770.08) constituting interest accrued thereon as of the Closing date.

This Note is secured by an Amended and Restated Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“**Deed of Trust**”) dated as of the date hereof, executed by Borrower for the benefit of Authority and encumbering the property described therein. Authority shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the Loan Agreement, and the other Authority Documents, including without limitation, that certain Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated as of the date hereof, and executed by and between Authority and Borrower and recorded in the Official Records of Riverside County (the “**Regulatory Agreement**”). The rent

restrictions and other requirements set forth in the Regulatory Agreement shall remain effective for the full term of the Regulatory Agreement and shall survive the repayment of this Note.

1. PAYMENTS.

1.1 PAYMENT DATES; MATURITY DATE. Annual payments on this Note shall be payable on a residual receipts basis with fifty percent (50%) of all Surplus Cash (defined below) payable to Authority toward principal and accrued interest. Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon and any other sums accrued hereunder shall be payable in full on the date (the “**Maturity Date**”) which is the earlier of (i) the fifty-fifth (55th) anniversary of the date upon which the City of Hemet issues a final certificate of occupancy or equivalent for the Phase 2 Project, or (ii) the fifty-seventh (57th) anniversary of the date hereof; provided however, the Maturity Date shall not be earlier than the date of expiration or termination of any Regulatory Agreement recorded by the California Tax Credit Allocation Committee (TCAC) against the Property in connection with an allocation of Federal Low-Income Housing Tax Credits for the Project.

1.2 ANNUAL PAYMENTS FROM SURPLUS CASH. By no later than November 1 of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall pay to Authority fifty percent (50%) of all Surplus Cash generated by the Project during the previous fiscal year to reduce the indebtedness owed under this Note. As used in this Note, “fiscal year” means the period beginning on July 1 and ending on June 30. No later than September 30th of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall provide to Authority Borrower’s calculation of Surplus Cash for the previous fiscal year, accompanied by such supporting documentation as Authority may reasonably request, including without limitation, an independent audit prepared for the Project by a certified public accountant in accordance with generally accepted accounting principles. No later than May 1 of each year following issuance of the final certificate of occupancy for the Project, Borrower shall provide to Authority a projected budget for the following fiscal year which shall include an estimate of Surplus Cash.

1.2.1 “**Surplus Cash**” shall mean for each fiscal year during the term hereof, the amount by which Gross Revenue (defined below) exceeds Annual Operating Expenses (defined below) for the Project. Surplus Cash shall also include net cash proceeds realized from any refinancing of the Project, less fees and closing costs reasonably incurred in connection with such refinancing, and any Authority-approved uses of the net cash proceeds of the refinancing.

1.2.2 “**Gross Revenue**” shall mean for each fiscal year during the term hereof, all revenue, income, receipts and other consideration actually received by Borrower from the operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants; Section 8 payments or other rental subsidy payments received for the dwelling units; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance;

the proceeds of casualty insurance not required to be paid to the holders of Approved Senior Loans (provided however, expenditure of such proceeds for repair or restoration of the Project shall be included within Annual Operating Expenses in the year of the expenditure, and with Authority's written consent, proceeds of casualty insurance may be excluded from Gross Revenue until the year such proceeds will be expended for repair or restoration of the Project provided that Borrower provides adequate assurance that such proceeds will be expended for such purposes); condemnation awards for a taking of part or all of the Property or the Improvements for a temporary period; and the fair market value of any goods or services provided to Borrower in consideration for the leasing or other use of any part of the Project. Gross Revenue shall include any release of funds from replacement and other reserve accounts to Borrower other than for costs associated with the Project. Gross Revenue shall not include tenant security deposits, loan proceeds, capital contributions or similar advances.

1.2.3 "**Annual Operating Expenses**" shall mean for each fiscal year during term hereof, the following costs reasonably and actually incurred for the operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments; debt service currently due and payable on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Project) on loans which have been approved in writing by the Authority and which are secured by deeds of trust senior in priority to the Deed of Trust ("**Approved Senior Loans**"); a property management fee in the amount equal to Fifty-Five Dollars (\$55.00) per unit per month; premiums for property damage and liability insurance; utility service costs not paid for directly or indirectly by tenants; maintenance and repair costs; fees for licenses and permits required for the operation of the Project; organizational costs (e.g., annual franchise tax payments) and costs associated with accounting, tax preparation and legal fees of Borrower incurred in the ordinary course of business; expenses for security services; advertising and marketing costs; payment of deductibles in connection with casualty insurance claims not paid from reserves; tenant services; the amount of uninsured losses actually replaced, repaired or restored and not paid from reserves; cash deposits into reserves for capital replacements in an amount no more than \$300 per unit per year or such greater amount as reasonably required by the holder of an Approved Senior Loan or as required by a physical needs assessment prepared by a third-party selected or approved by Authority and prepared at Borrower's expense; cash deposits into operating reserves in an amount reasonably approved by the Authority or required by the holder of an Approved Senior Loan, but only if the accumulated operating reserve does not exceed three (3) months' projected Project operating expenses; any previously unpaid portion of the Developer Fee (without interest), subject to the limit set forth in this Section; and other ordinary and reasonable operating expenses. The Phase 1 Developer Fee shall be limited to the aggregate sum of Two Hundred Thousand Dollars (\$200,000); the aggregate Developer Fee payable for Phase 1 and Phase 2 of the Project shall not exceed the lesser of Seven Hundred Seventy Thousand Dollars (\$770,000) or the maximum allowable pursuant to California Tax Credit Allocation Committee regulations. Commencing upon the Project placed in service date, Annual Operating Expenses shall include a partnership management fee in an annual amount equal to the lesser of the amount actually paid to Borrower's managing general partner pursuant to Borrower's partnership agreement or the sum of Thirty-Five Thousand Dollars (\$35,000), and an asset management fee payable to Borrower's investor limited partner in the maximum annual amount of Four Thousand Dollars (\$4,000), each payable only during the first fifteen (15) years following the date upon which the

Project is place in service, and each increasing annually by the lesser of three percent (3%) or the increase in the Consumer Price Index-Urban (CPI-U) for the Los Angeles-Riverside-Orange County, California area over the prior year.

Notwithstanding any contrary provision hereof, in each fiscal year during the term hereof, in the aggregate, Borrower shall be obligated to pay to Authority fifty percent (50%) of Surplus Cash toward principal and interest due under (i) this Note, (ii) that certain Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the Authority in the original principal amount of \$2,200,000, and (iii) that certain Amended and Restated Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the Authority in the original principal amount of \$1,242,177.70, it being understood that the sum of payments due in the aggregate under all three of the foregoing notes for each fiscal year of the term hereof shall equal 50% of Surplus Cash generated by the Project in such fiscal year. In each fiscal year, Borrower shall have discretion to allocate Borrower's payment of 50% of Surplus Cash among the foregoing instruments in such proportion as Borrower may elect. The remaining 50% of Surplus Cash shall be allocated in accordance with Borrower's partnership agreement.

1.2.4 EXCLUSIONS FROM ANNUAL OPERATING EXPENSES. Annual Operating Expenses shall exclude the following: developer fees and interest on any deferred developer fees (except as permitted pursuant to Section 1.2.3); contributions to Project operating or replacement reserves, except as provided in Section 1.2.3; debt service payments on any loan which is not an Approved Senior Loan, including without limitation, unsecured loans or loans secured by deeds of trust which are subordinate to the Deed of Trust; depreciation, amortization, depletion and other non-cash expenses; expenses paid for with disbursements from any reserve account; distributions to partners; any amount paid to Borrower, any general partner of Borrower, or any entity controlled by the persons or entities in control of Borrower or any general partner of Borrower. Notwithstanding the foregoing limitation regarding payments to Borrower and related parties, the following fees shall be included in Annual Operating Expenses, subject to applicable limitations set forth in Section 1.2.3 above, even if paid to Borrower, an affiliate of Borrower, or a partner of Borrower: fees paid to a property management agent, resident services agent, or social services agent; developer fees, partnership management fees, asset management fees, and subject to Section 1.2.5, repayment of cash advances by Borrower or its partners to cover Project operating expense deficits or emergency cash needs of the Project. Payments to Borrower, its partners or affiliates in excess of the limitations set forth in Section 1.2.3 shall not be counted toward Annual Operating Expenses for the purpose of calculating Surplus Cash.

1.2.5 ADJUSTMENT TO OPERATING EXPENSES. Notwithstanding anything to the contrary set forth herein, for the purpose of calculating Surplus Cash, Annual Operating Expenses shall include: (a) the repayment of operating deficit loans provided by Borrower's limited partner(s) provided however, interest payable on such loans may be included in Annual Operating Expenses only in an amount equivalent to the lesser of (i) interest accrued at the actual interest rate charged for the loan, or (ii) interest accrued at a rate equal to the Applicable Federal Rate, and (b) the amount of any tax credit adjustor that is required to be paid from Project cash flow.

1.3 COST SAVINGS. Within thirty (30) days after City's issuance of a final certificate of occupancy or equivalent for the Project, Borrower shall pay to the Authority as a reduction of the outstanding principal balance of this Note, a one-time payment in the amount of Excess Proceeds. "**Excess Proceeds**" shall mean the sum of all sources of financing received by Borrower for acquisition, construction and permanent financing of the Property and the Project, less the sum of actual uses as shown on the final cost certificate for the Project, including deferred developer fees (if any). Prior to calculating Excess Proceeds, the following payments and adjustments shall be made in the following order of priority: (i) any deferred portion of the Developer Fee shall be paid, subject to the limitations set forth in Section 1.2.3; (ii) the Project replacement reserve shall be funded in an amount equal to Forty-Five Thousand Dollars (\$45,000); (iii) the Project operating reserve shall be funded in an amount equal to the lesser of Fifty-Nine Thousand, One Hundred Dollars (\$59,100) or three (3) months' projected Project operating expenses, and (iv) the long-term rent reserve will be funded in the amount of Two Hundred Thousand Dollars (\$200,000). Interest earned on the foregoing reserves shall become a part of such reserves and used only for the purpose for which such reserves are established. If Authority exercises its option to reacquire or repurchase the Project pursuant to the Loan Agreement, or if Authority acquires the Project by foreclosure or deed in lieu of foreclosure, the balances of the foregoing reserves as of the date of notice of exercise shall be transferred to Authority.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 8.1 of the Regulatory Agreement) absent Authority consent, of all or any part of the Project or the Property or any interest therein other than a Transfer permitted without Authority consent pursuant to the Regulatory Agreement. Without limiting the generality of the foregoing, this Note shall not be assumable without Authority's prior written consent, which consent may be granted or denied in Authority's sole discretion. This Note may be assumed upon a Transfer of the Project to an affiliate of Borrower provided such Transfer has been approved by Authority pursuant to the Regulatory Agreement.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Loan Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to Authority at 445 E. Florida Avenue, Hemet, CA 92543 or such other place as Authority shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by Authority in writing.

2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder (“**Event of Default**”):

(A) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after Authority notifies Borrower thereof in writing.

(B) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower, or any general partner thereof, in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(C) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower, or any general partner thereof, or substantially all of such entity’s assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within ninety (90) days after its issuance.

(D) The occurrence of a Transfer in violation of Article VII of the Loan Agreement.

(E) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(F) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the Authority Documents and Borrower fails to cure such default within five (5) days.

(G) Subject to Borrower’s right to contest the following charges pursuant to the Authority Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within twenty (20) days, but in all events before the imposition of any such tax or other lien.

(H) If any representation or warranty contained in any Authority Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the Authority.

(I) An Event of Default shall have been declared under the Loan Agreement or any other Authority Document, including without limitation, the Regulatory Agreement, and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, Authority may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to Authority under this Note and the other Authority Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Authority including, without limitation, reasonable attorneys' fees, incurred in connection with Authority's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured by the Deed of Trust. The rights and remedies of Authority under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law (the "**Default Rate**"); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent Authority from exercising any of its other rights or remedies.

2.4 LIMITED PARTNERS RIGHT TO CURE. Borrower's limited partners shall have the right to cure any default of Borrower hereunder upon the same terms and conditions afforded to Borrower. Any cure tendered by a limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if tendered by Borrower.

### 3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER'S WAIVERS. No waiver by Authority of any right or remedy under this Note shall be effective unless in a writing signed by Authority. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by Authority will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by Authority will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of Authority to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and Authority.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed in the Superior Court of Riverside County, California, or in the Federal District Court for the Central District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of Authority and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and Authority under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make Authority the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor the general or limited partners of Borrower shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of Authority with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by Authority as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the Authority under the Deed of Trust and any financing statements Authority files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of Authority to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Authority to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other

collateral given to Authority in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the Authority to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which Authority may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to Authority hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to Authority hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of Authority to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under any Section of the Loan Agreement that obligates Borrower to indemnify Authority, or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by Authority (including without limitation reasonable attorneys' fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, or its general partners, or any officer, director or authorized representative of Borrower or its general partners in connection with the request for or creation of the Loan, or in any Authority Document, or in connection with any request for any action or consent by Authority in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the Authority Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Section 6.6 of the Loan Agreement or Section 7.11 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust;

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property; and

(i) the failure of Borrower to pay all amounts payable under this Note in full if Borrower Transfers the Property in violation of the Loan Agreement.

IN WITNESS WHEREOF, Borrower has executed and delivered this Amended and Restated Secured Promissory Note as of the date first written above.

**BORROWER:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

DRAFT

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Hemet Housing Authority  
445 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

[Mobley Lane – Seller Takeback Note]

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“**Deed of Trust**”) is made as of \_\_\_\_\_, 2015, by Mobley Lane Partners, LP, a California limited partnership (“**Trustor**”) to Lawyers Title Company, a California corporation having a mailing address of 3480 Vine Street, Suite 300, Riverside, California 92507 as trustee (“**Trustee**”), for the benefit of the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (“**Beneficiary**”).

RECITALS

A. Trustor owns fee simple title to the land described in Exhibit A attached hereto and incorporated herein by this reference (the “**Land**”). The Land is located in the City of Hemet, Riverside County, California. Trustor intends to rehabilitate, own and operate an affordable multifamily residential development on the Land (the “**Project**”).

B. Beneficiary and Trustor’s predecessor in interest entered into a Disposition, Development and Loan Agreement dated as of September 15, 2013 (as assigned to Trustor and as subsequently amended, the “**Loan Agreement**”) pursuant to which Beneficiary has provided to Trustor a loan in the original principal amount of One Million, Two Hundred Nineteen Thousand Dollars (\$1,219,000) (the “**First Loan**”), and a second loan in the original principal amount of Two Hundred Fifty-Two Thousand Dollars (\$252,000) (the “**Second Loan**”) for the purpose of partially financing the rehabilitation of the Project and the payment of certain predevelopment expenses for the Project. A Memorandum of the Loan Agreement was recorded in the Official Records of Riverside County (“**Official Records**”) on December 16, 2013 as Instrument No. 2013-0580438. Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an amendment to the Loan Agreement that describes, among other things, Beneficiary’s provision of a seller take-back loan to Trustor in the amount of \$2,200,000 (the “**Seller Takeback Loan**”) in connection with Trustor’s acquisition of a portion

of the Property from Beneficiary. Trustor's obligation to repay the Seller Takeback Loan is evidenced by a secured promissory note dated as of the date hereof (the "**Seller Takeback Note**"), and is secured by this Deed of Trust. The Seller Takeback Note is referred to herein as the "**Note**". The Seller Takeback Loan is referred to herein as the "**Loan**".

C. Trustor has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the First Loan together with interest accrued thereon (the "**Original First Note**"), and has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the Second Loan together with interest accrued thereon (the "**Original Second Note**"). Repayment of the Original First Note and the Original Second Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580437 (the "**Original Deed of Trust**"). Concurrently with the execution and recordation of this Deed of Trust, Trustor will execute and deliver to Beneficiary an Amended and Restated Secured Promissory Note in the amount of \$1,242,177.70 (the "**Amended First Note**") which will amend and restate the Original First Note in its entirety and an Amended and Restated Secured Promissory Note in the amount of \$268,770.08 (the "**Amended Second Note**") which will amend and restate the Original Second Note in its entirety. Borrower's obligation to repay the Amended First Note is secured by a separate amended and restated deed of trust (the "**Amended First Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith. Borrower's obligation to repay the Amended Second Note is secured by a separate amended and restated deed of trust (the "**Amended Second Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith.

D. Trustor and Beneficiary executed an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (the "**Original Regulatory Agreement**"), dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580439. Among other provisions, the Regulatory Agreement requires the residential units in the Project to be rented to Eligible Households at Affordable Rents (as defined in the Regulatory Agreement). Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an Amended and Restated Regulatory Agreement (the "**Amended Regulatory Agreement**") that will amend and restate the Original Regulatory Agreement in its entirety and that will be recorded in the Official Records substantially concurrently herewith.

E. As a condition precedent to Beneficiary's agreement to modify certain terms of the original financing and to provide the Seller Takeback Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the Loan Documents (defined below).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment

and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design documents and studies produced in connection with development of the Land and rehabilitation or construction of the Improvements (collectively, "**Plans**"); and

h. All interests and rights in any private or governmental grants, subsidies, loans or

other financing provided in connection with development of the Land and rehabilitation or construction of the Improvements (collectively, “**Financing**”).

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the “**Property**.”

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the “**Secured Obligations**”): (i) all present and future indebtedness evidenced by the Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary’s interests under this Deed of Trust or any other Loan Document as such may be modified, supplemented, amended, renewed or extended. The Amended First Note, the Amended Second Note, the Seller Takeback Note, the Loan Agreement, the Amended Regulatory Agreement, the Amended First Deed of Trust, the Amended Second Deed of Trust, and this Deed of Trust are hereinafter collectively referred to as the “**Loan Documents**.”

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys’ fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary’s right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not

Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. Trustor intends this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "UCC"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the

priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Riverside County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that: (i) Trustor lawfully possesses and holds a fee simple interest in the Land and the Improvements, (ii) Trustor has good and marketable title to all of the Property; (iii) other than as limited by the Loan Documents, Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; (iv) subject only to encumbrances of record and senior liens permitted pursuant to the Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"), this Deed of Trust creates a valid lien on Trustor's entire interest in the Property; (v) except with respect to Permitted Encumbrances, Trustor owns the Property free and clear of all deeds of trust, mortgages, security agreements, reservations of title or conditional sales contracts, (vi) there is no financing statement affecting the Property or any part thereof on file in any public office other than as disclosed in writing to Beneficiary; and (vii) the correct address of Trustor's chief executive office is specified in Section 10.2.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, and except as disclosed to Beneficiary in writing, no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (ii) except as disclosed to Beneficiary in writing, no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iii) except as disclosed to Beneficiary in writing, there are no threatened or pending actions, suits, or administrative proceedings against or affecting the Property or any portion thereof or the interest of Trustor in the Property; (iv) there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (v) Trustor has not received any notice from any

insurer of defects of the Property which have not been corrected; (vi) there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (vii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (viii) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the Loan Documents in accordance with the respective terms thereof.

7.5 Use of Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the proceeds of the Loan (the "Loan Proceeds") solely for purposes authorized by the Loan Documents. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants to comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations, and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Default hereunder if the Property, any part thereof, or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Documents or if any other Transfer (as defined in the Loan Documents) occurs in violation of the Loan Documents. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and

without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the Loan Documents. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value redetermined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to 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; provided however, if Trustor is not in default under the Loan Documents, the proceeds shall be released to Trustor to repair or rebuild the Project. 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. Notwithstanding anything to the contrary set forth herein, provided that Trustor is not in default under any Loan Document, Trustor shall be permitted to use the proceeds of insurance to rebuild the Improvements.

7.10.1 Trustor shall at all times during the term hereof, maintain insurance coverage in the amounts and in accordance with the requirements specified in the Loan Documents, and shall otherwise comply with all requirements pertaining to insurance specified in Article X of the Loan Agreement, the Regulatory Agreement, or this Deed of Trust.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least thirty (30) days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials.

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, stored or used in, on, under, or about the Land by Trustor, its agents, employees,

contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of residential developments and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

To the fullest extent permitted by law, Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, “**Indemnitees**”) harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually “**Claim**” and collectively “**Claims**”) arising in connection with the breach of Trustor’s covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor’s own cost and expense, do all of the following:

- a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;
- b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and
- c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor’s obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Trustor to receive notice of or consideration for any of the following: (i) any amendment or modification of any Loan Document; (ii) any extensions of time for performance required by any Loan Document; (iii) any provision in any of the Loan Documents limiting Beneficiary's recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the

Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by Trustor under this Deed of Trust or by Trustor or any other party under any Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "**Environmental Provisions**"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("**Section 736**") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

"**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section

25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

“**Environmental Law**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

#### 7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within three business days of the occurrence of such loss. Trustor shall ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three (3) business days of Trustor’s receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.18 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any Property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any Loan Document, (b) any representation by Trustor in any Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises out of the Property, or any Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste

committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property; or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Insurance and Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby 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. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, insurance and/or condemnation proceeds may be used to repair and/or restore the Project.

7.16 Release, Extension, Modification. At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor if Trustor fails to do so in the time provided for cure, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining

insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 either with or without giving notice, except for notices required under applicable law. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners shall have the right to cure any default of Trustor hereunder upon the same terms and conditions afforded to Trustor.

Beneficiary shall provide any notice of default hereunder to the limited partners at the address set forth in Section 10.2 below, concurrently with the provision of such notice to Trustor.

## 8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events.

- a. Beneficiary's declaration of an Event of Default under any Loan Document, subject to the expiration of any applicable cure period set forth in the applicable document;
- b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, or under any other Loan Document, and does not cure that failure within thirty (30) days following written notice from Beneficiary or Trustee;
- c. If Trustor's interest in the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the Loan Documents and Trustor fails to rescind such conveyance or otherwise cure such breach within the time period specified in paragraph j below;
- d. Trustor fails to maintain the insurance coverage required hereunder or under the other Loan Documents, or otherwise fails to comply with the requirements of Section 7.10 hereof, and Trustor fails to cure such default within the applicable time specified in Section 7.10;
- e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay when due any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within thirty (30) days of the date of delinquency, but in all events prior to the imposition of any such tax or other lien.
- f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other Loan Document proves to have been false or

misleading in any material adverse respect when made;

g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, or substantially all of such entity’s assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project or any part thereof, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder’s documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within thirty (30) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within thirty (30) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary’s reasonable judgment cannot reasonably be cured within thirty (30) days, an Event of Default shall not arise hereunder if Trustor commences to cure such default within thirty (30) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than sixty (60) days following receipt of notice of default.

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary’s rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys’ fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the 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, and at Beneficiary's request shall, postpone sale of all or any portion of the 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 and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees that regardless of whether or not a default has occurred hereunder, if an Event of Default has occurred under the Loan Documents, and if in connection with such Event of Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and

b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as

Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail; or
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier.

**TRUSTOR:** Mobley Lane Partners, LP  
c/o Riverside Housing Development Corporation  
4250 Brockton Avenue  
Riverside, California 92501  
Attention: Executive Director  
Ph: (951) 341-0170

With a copy to: Wakeland Mobley, LLC  
c/o Wakeland Housing and Development Corporation  
1230 Columbia Street, Suite 950  
San Diego, California 92101  
Ph: (619) 235-2296

And with a copy to: Raymond James Housing Opportunities Fund 27, LLC  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Facsimile No.: (727) 567-8455

And with a copy to: Kyle Arndt, Esq.  
Bocarsly Emden Cowan Esmail & Arndt LLP  
633 W. 5<sup>th</sup> Street, 64<sup>th</sup> Floor  
Los Angeles, California 90071  
Facsimile No.: (213) 239-0410

**BENEFICIARY:** Hemet Housing Authority  
45 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

With a copy to: Burke, Williams & Sorensen, LLP  
1901 Harrison Street, Suite 900  
Oakland, CA 94612  
Attention: Susan Bloch, Esq.

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Riverside County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws.

Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's Executive Director or by any person who shall have been designated by Beneficiary's Executive Director, without further approval by the governing board of Beneficiary.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Counterparts. This Deed of Trust may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.12 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "TCAC Regulatory Agreement"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended (the

**“Code”**). In the event of a foreclosure of Beneficiary’s interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a **“Foreclosure”**), the following rule shall apply pursuant to Section 42(h)(6)(e)(ii) of the Code:

With respect to any dwelling units that had been regulated by the TCAC Regulatory Agreement, for a period of three (3) years following a Foreclosure: none of the tenants occupying such units at the time of the Foreclosure may be evicted or have their tenancy terminated other than for good cause, nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

**SIGNATURES ON FOLLOWING PAGE.**

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first written above.

**TRUSTOR:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

**SIGNATURES MUST BE NOTARIZED.**



**ACKNOWLEDGMENT**

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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(Name of Notary)

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.

\_\_\_\_\_  
(Notary Signature)

Exhibit A

**LAND**

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

LOTS 3, 5, 6, 8, 10, 11, 12, 13, 14, 15 and 16 OF TRACT NO. 12270, CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 109 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBERS: 443-090-023; 025; 026; 028; 030; 031; 032; 033; 034; 035; 036.

DRAFT

**SECURED PROMISSORY NOTE**  
(Mobley Lane – Phase 2 – Seller Take-Back Note)

\$2,200,000

Hemet, California  
\_\_\_\_\_, 2015

**FOR VALUE RECEIVED**, Mobley Lane Partners, LP, a California limited partnership (“**Borrower**”), promises to pay to the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (the “**Authority**”), in lawful money of the United States of America, the principal sum of Two Million, Two Hundred Thousand Dollars (\$2,200,000) or so much thereof as may be advanced by Authority pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance of this Note at the rate of two and one-half percent (2.5%) simple interest per annum. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed.

This Secured Promissory Note (this “**Note**”) has been executed and delivered pursuant to and in accordance with a Disposition, Development and Loan Agreement, dated as of September 15, 2013, executed by and between Authority and Borrower’s predecessor in interest whose interest therein was subsequently assigned to Borrower (as subsequently amended, the “**Loan Agreement**”), and is subject to the terms and conditions of the Loan Agreement, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“**Deed of Trust**”) dated as of the date hereof, executed by Borrower for the benefit of Authority and encumbering the property described therein. Authority shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the Loan Agreement, and the other Authority Documents, including without limitation, that certain Amended and Restated Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated as of the date hereof, and executed by and between Authority and Borrower and recorded in the Official Records of Riverside County (the “**Regulatory Agreement**”). The rent restrictions and other requirements set forth in the Regulatory Agreement shall remain effective for the full term of the Regulatory Agreement and shall survive the repayment of this Note.

1. PAYMENTS.

1.1 PAYMENT DATES; MATURITY DATE. Annual payments on this Note shall be payable on a residual receipts basis with fifty percent (50%) of all Surplus Cash (defined below) payable to Authority toward principal and accrued interest. Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights,

offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon and any other sums accrued hereunder shall be payable in full on the date (the “**Maturity Date**”) which is the earlier of (i) the fifty-fifth (55th) anniversary of the date upon which the City of Hemet issues a final certificate of occupancy or equivalent for the Phase 2 Project, or (ii) the fifty-seventh (57th) anniversary of the date hereof; provided however, the Maturity Date shall not be earlier than the date of expiration or termination of any Regulatory Agreement recorded by the California Tax Credit Allocation Committee (TCAC) against the Property in connection with an allocation of Federal Low-Income Housing Tax Credits for the Project.

1.2 ANNUAL PAYMENTS FROM SURPLUS CASH. By no later than November 1 of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall pay to Authority fifty percent (50%) of all Surplus Cash generated by the Project during the previous fiscal year to reduce the indebtedness owed under this Note. As used in this Note, “fiscal year” means the period beginning on July 1 and ending on June 30. No later than September 30th of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall provide to Authority Borrower’s calculation of Surplus Cash for the previous fiscal year, accompanied by such supporting documentation as Authority may reasonably request, including without limitation, an independent audit prepared for the Project by a certified public accountant in accordance with generally accepted accounting principles. No later than May 1 of each year following issuance of the final certificate of occupancy for the Project, Borrower shall provide to Authority a projected budget for the following fiscal year which shall include an estimate of Surplus Cash.

1.2.1 “**Surplus Cash**” shall mean for each fiscal year during the term hereof, the amount by which Gross Revenue (defined below) exceeds Annual Operating Expenses (defined below) for the Project. Surplus Cash shall also include net cash proceeds realized from any refinancing of the Project, less fees and closing costs reasonably incurred in connection with such refinancing, and any Authority-approved uses of the net cash proceeds of the refinancing.

1.2.2 “**Gross Revenue**” shall mean for each fiscal year during the term hereof, all revenue, income, receipts and other consideration actually received by Borrower from the operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants; Section 8 payments or other rental subsidy payments received for the dwelling units; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance not required to be paid to the holders of Approved Senior Loans (provided however, expenditure of such proceeds for repair or restoration of the Project shall be included within Annual Operating Expenses in the year of the expenditure, and with Authority’s written consent, proceeds of casualty insurance may be excluded from Gross Revenue until the year such proceeds will be expended for repair or restoration of the Project provided that Borrower provides adequate assurance that such proceeds will be expended for such purposes); condemnation awards for a taking of part or all of the Property or the Improvements for a temporary period; and the fair market value of any goods or services provided to Borrower in consideration for the leasing or other use of any part of the Project. Gross Revenue shall include any release of funds from replacement and other reserve accounts to

Borrower other than for costs associated with the Project. Gross Revenue shall not include tenant security deposits, loan proceeds, capital contributions or similar advances.

1.2.3 “**Annual Operating Expenses**” shall mean for each fiscal year during term hereof, the following costs reasonably and actually incurred for the operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments; debt service currently due and payable on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Project) on loans which have been approved in writing by the Authority and which are secured by deeds of trust senior in priority to the Deed of Trust (“**Approved Senior Loans**”); a property management fee in the amount equal to Fifty-Five Dollars (\$55.00) per unit per month; premiums for property damage and liability insurance; utility service costs not paid for directly or indirectly by tenants; maintenance and repair costs; fees for licenses and permits required for the operation of the Project; organizational costs (e.g., annual franchise tax payments) and costs associated with accounting, tax preparation and legal fees of Borrower incurred in the ordinary course of business; expenses for security services; advertising and marketing costs; payment of deductibles in connection with casualty insurance claims not paid from reserves; tenant services; the amount of uninsured losses actually replaced, repaired or restored and not paid from reserves; cash deposits into reserves for capital replacements in an amount no more than \$300 per unit per year or such greater amount as reasonably required by the holder of an Approved Senior Loan or as required by a physical needs assessment prepared by a third-party selected or approved by Authority and prepared at Borrower’s expense; cash deposits into operating reserves in an amount reasonably approved by the Authority or required by the holder of an Approved Senior Loan, but only if the accumulated operating reserve does not exceed three (3) months’ projected Project operating expenses; any previously unpaid portion of the Developer Fee (without interest), subject to the limit set forth in this Section; and other ordinary and reasonable operating expenses. The Phase 1 Developer Fee shall be limited to the aggregate sum of Two Hundred Thousand Dollars (\$200,000); the aggregate Developer Fee payable for Phase 1 and Phase 2 of the Project shall not exceed the lesser of Seven Hundred Seventy Thousand Dollars (\$770,000) or the maximum allowable pursuant to California Tax Credit Allocation Committee regulations. Commencing upon the Project placed in service date, Annual Operating Expenses shall include a partnership management fee in an annual amount equal to the lesser of the amount actually paid to Borrower’s managing general partner pursuant to Borrower’s partnership agreement or the sum of Thirty-Five Thousand Dollars (\$35,000), and an asset management fee payable to Borrower’s investor limited partner in the maximum annual amount of Four Thousand Dollars (\$4,000), each payable only during the first fifteen (15) years following the date upon which the Project is place in service, and each increasing annually by the lesser of three percent (3%) or the increase in the Consumer Price Index-Urban (CPI-U) for the Los Angeles-Riverside-Orange County, California area over the prior year.

Notwithstanding any contrary provision hereof, in each fiscal year during the term hereof, in the aggregate, Borrower shall be obligated to pay to Authority fifty percent (50%) of Surplus Cash toward principal and interest due under (i) this Note, (ii) that certain Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the Authority in the original principal amount of \$1,242,177.70, and (iii) that certain Amended and Restated Secured Promissory Note dated as of the date hereof and executed by Borrower for the benefit of the

Authority in the original principal amount of \$268,770.08, it being understood that the sum of payments due in the aggregate under all three of the foregoing notes for each fiscal year of the term hereof shall equal 50% of Surplus Cash generated by the Project in such fiscal year. In each fiscal year, Borrower shall have discretion to allocate Borrower's payment of 50% of Surplus Cash among the foregoing instruments in such proportion as Borrower may elect. The remaining 50% of Surplus Cash shall be allocated in accordance with Borrower's partnership agreement.

1.2.4 EXCLUSIONS FROM ANNUAL OPERATING EXPENSES. Annual Operating Expenses shall exclude the following: developer fees and interest on any deferred developer fees (except as permitted pursuant to Section 1.2.3); contributions to Project operating or replacement reserves, except as provided in Section 1.2.3; debt service payments on any loan which is not an Approved Senior Loan, including without limitation, unsecured loans or loans secured by deeds of trust which are subordinate to the Deed of Trust; depreciation, amortization, depletion and other non-cash expenses; expenses paid for with disbursements from any reserve account; distributions to partners; any amount paid to Borrower, any general partner of Borrower, or any entity controlled by the persons or entities in control of Borrower or any general partner of Borrower. Notwithstanding the foregoing limitation regarding payments to Borrower and related parties, the following fees shall be included in Annual Operating Expenses, subject to applicable limitations set forth in Section 1.2.3 above, even if paid to Borrower, an affiliate of Borrower, or a partner of Borrower: fees paid to a property management agent, resident services agent, or social services agent; developer fees, partnership management fees, asset management fees, and subject to Section 1.2.5, repayment of cash advances by Borrower or its partners to cover Project operating expense deficits or emergency cash needs of the Project. Payments to Borrower, its partners or affiliates in excess of the limitations set forth in Section 1.2.3 shall not be counted toward Annual Operating Expenses for the purpose of calculating Surplus Cash.

1.2.5 ADJUSTMENT TO OPERATING EXPENSES. Notwithstanding anything to the contrary set forth herein, for the purpose of calculating Surplus Cash, Annual Operating Expenses shall include: (a) the repayment of operating deficit loans provided by Borrower's limited partner(s) provided however, interest payable on such loans may be included in Annual Operating Expenses only in an amount equivalent to the lesser of (i) interest accrued at the actual interest rate charged for the loan, or (ii) interest accrued at a rate equal to the Applicable Federal Rate, and (b) the amount of any tax credit adjustor that is required to be paid from Project cash flow.

1.3 COST SAVINGS. Within thirty (30) days after City's issuance of a final certificate of occupancy or equivalent for the Project, Borrower shall pay to the Authority as a reduction of the outstanding principal balance of this Note, a one-time payment in the amount of Excess Proceeds. "**Excess Proceeds**" shall mean the sum of all sources of financing received by Borrower for acquisition, construction and permanent financing of the Property and the Project, less the sum of actual uses as shown on the final cost certificate for the Project, including deferred developer fees (if any). Prior to calculating Excess Proceeds, the following payments and adjustments shall be made in the following order of priority: (i) any deferred portion of the Developer Fee shall be paid, subject to the limitations set forth in Section 1.2.3; (ii) the Project replacement reserve shall be funded in an amount equal to Forty-Five Thousand Dollars

(\$45,000); (iii) the Project operating reserve shall be funded in an amount equal to the lesser of Fifty-Nine Thousand, One Hundred Dollars (\$59,100) or three (3) months' projected Project operating expenses, and (iv) the long-term rent reserve will be funded in the amount of Two Hundred Thousand Dollars (\$200,000). Interest earned on the foregoing reserves shall become a part of such reserves and used only for the purpose for which such reserves are established. If Authority exercises its option to reacquire or repurchase the Project pursuant to the Loan Agreement, or if Authority acquires the Project by foreclosure or deed in lieu of foreclosure, the balances of the foregoing reserves as of the date of notice of exercise shall be transferred to Authority.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 8.1 of the Regulatory Agreement) absent Authority consent, of all or any part of the Project or the Property or any interest therein other than a Transfer permitted without Authority consent pursuant to the Regulatory Agreement. Without limiting the generality of the foregoing, this Note shall not be assumable without Authority's prior written consent, which consent may be granted or denied in Authority's sole discretion. This Note may be assumed upon a Transfer of the Project to an affiliate of Borrower provided such Transfer has been approved by Authority pursuant to the Regulatory Agreement.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Loan Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to Authority at 445 E. Florida Avenue, Hemet, CA 92543 or such other place as Authority shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by Authority in writing.

## 2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(A) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after Authority notifies Borrower thereof in writing.

(B) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower, or any general partner thereof, in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or

similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(C) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower, or any general partner thereof, or substantially all of such entity's assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within ninety (90) days after its issuance.

(D) The occurrence of a Transfer in violation of Article VII of the Loan Agreement.

(E) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(F) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the Authority Documents and Borrower fails to cure such default within five (5) days.

(G) Subject to Borrower's right to contest the following charges pursuant to the Authority Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within twenty (20) days, but in all events before the imposition of any such tax or other lien.

(H) If any representation or warranty contained in any Authority Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the Authority.

(I) An Event of Default shall have been declared under the Loan Agreement or any other Authority Document, including without limitation, the Regulatory Agreement, and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, Authority may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to Authority under this Note and the other Authority Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Authority including, without limitation, reasonable attorneys' fees, incurred in connection with Authority's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the

indebtedness secured by the Deed of Trust. The rights and remedies of Authority under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law (the “**Default Rate**”); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent Authority from exercising any of its other rights or remedies.

2.4 LIMITED PARTNERS RIGHT TO CURE. Borrower’s limited partners shall have the right to cure any default of Borrower hereunder upon the same terms and conditions afforded to Borrower. Any cure tendered by a limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if tendered by Borrower.

### 3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER’S WAIVERS. No waiver by Authority of any right or remedy under this Note shall be effective unless in a writing signed by Authority. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by Authority will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by Authority will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of Authority to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and Authority.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in

connection with this Note shall be filed in the Superior Court of Riverside County, California, or in the Federal District Court for the Central District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of Authority and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and Authority under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make Authority the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor the general or limited partners of Borrower shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of Authority with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by Authority as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the Authority under the Deed of Trust and any financing statements Authority files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of Authority to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Authority to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other collateral given to Authority in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the Authority to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which Authority may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to Authority hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to Authority hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of Authority to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under any Section of the Loan Agreement that obligates Borrower to indemnify Authority, or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by Authority (including without limitation reasonable attorneys' fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, or its general partners, or any officer, director or authorized representative of Borrower or its general partners in connection with the request for or creation of the Loan, or in any Authority Document, or in connection with any request for any action or consent by Authority in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the Authority Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Section 6.6 of the Loan Agreement or Section 7.11 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust;

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property; and

(i) the failure of Borrower to pay all amounts payable under this Note in full if Borrower Transfers the Property in violation of the Loan Agreement.

IN WITNESS WHEREOF, Borrower has executed and delivered this Secured Promissory Note as of the date first written above.

**BORROWER:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

DRAFT

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Hemet Housing Authority  
445 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

[Mobley Lane – Phase 1 - Second Loan]

THIS AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“**Deed of Trust**”) is made as of \_\_\_\_\_, 2015, by Mobley Lane Partners, LP, a California limited partnership (“**Trustor**”) to Lawyers Title Company, a California corporation having a mailing address of 3480 Vine Street, Suite 300, Riverside, California 92507 as trustee (“**Trustee**”), for the benefit of the Hemet Housing Authority, a public corporation organized and existing pursuant to the California Housing Authorities Law (Health and Safety Code § 34200 *et seq.*) (“**Beneficiary**”).

RECITALS

A. Trustor owns fee simple title to the land described in Exhibit A attached hereto and incorporated herein by this reference (the “**Land**”). The Land is located in the City of Hemet, Riverside County, California. Trustor intends to rehabilitate, own and operate an affordable multifamily residential development on the Land (the “**Project**”).

B. Beneficiary and Trustor’s predecessor in interest entered into a Disposition, Development and Loan Agreement dated as of September 15, 2013 (as assigned to Trustor and as subsequently amended, the “**Loan Agreement**”) pursuant to which Beneficiary has provided to Trustor a loan in the original principal amount of One Million, Two Hundred Nineteen Thousand Dollars (\$1,219,000) (the “**First Loan**”), and a second loan in the original principal amount of Two Hundred Fifty-Two Thousand Dollars (\$252,000) (the “**Second Loan**”) for the purpose of partially financing the rehabilitation of the Project and the payment of certain predevelopment expenses for the Project. A Memorandum of the Loan Agreement was recorded in the Official Records of Riverside County (“**Official Records**”) on December 16, 2013 as Instrument No. 2013-0580438. Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an amendment to the Loan Agreement that describes,

among other things, Beneficiary's provision of a seller take-back loan to Trustor in the amount of \$2,200,000 (the "**Seller Takeback Loan**") in connection with Trustor's acquisition of a portion of the Property from Beneficiary. Trustor's obligation to repay the Seller Takeback Loan is evidenced by a secured promissory note dated as of the date hereof (the "**Seller Takeback Note**"), and is secured by a separate deed of trust (the "**Seller Takeback Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith.

C. Trustor has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the First Loan together with interest accrued thereon (the "**Original First Note**"), and has executed and delivered to Beneficiary a secured promissory note, dated as of December 5, 2013 to evidence Trustor's obligation to repay the Second Loan together with interest accrued thereon (the "**Original Second Note**"). Repayment of the Original First Note and the Original Second Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580437 (the "**Original Deed of Trust**"). Concurrently with the execution and recordation of this Deed of Trust, Trustor will execute and deliver to Beneficiary an Amended and Restated Secured Promissory Note in the amount of \$1,242,177.70 (the "**Amended First Note**") which will amend and restate the Original First Note in its entirety and an Amended and Restated Secured Promissory Note in the amount of \$268,770.08 (the "**Amended Second Note**") which will amend and restate the Original Second Note in its entirety. Borrower's obligation to repay the Amended First Note is secured by a separate amended and restated deed of trust (the "**Amended First Deed of Trust**") that will be recorded in the Official Records substantially concurrently herewith.

D. The Amended Second Note is referred to herein as the "**Note**". The Second Loan is referred to herein as the "**Loan**."

E. Trustor and Beneficiary executed an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (the "**Original Regulatory Agreement**"), dated as of December 5, 2013 and recorded in the Official Records on December 16, 2013 as Instrument No. 2013-0580439. Among other provisions, the Regulatory Agreement requires the residential units in the Project to be rented to Eligible Households at Affordable Rents (as defined in the Regulatory Agreement). Concurrently with the execution and recordation of this Deed of Trust, Trustor and Beneficiary will execute an Amended and Restated Regulatory Agreement (the "**Amended Regulatory Agreement**") that will amend and restate the Original Regulatory Agreement in its entirety and that will be recorded in the Official Records substantially concurrently herewith.

F. As a condition precedent to Beneficiary's agreement to modify certain terms of the original financing and to provide the Seller Takeback Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the Loan Documents (defined below).

G. This Deed of Trust is intended to amend, restate and supersede the Original Deed of Trust.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design documents and studies produced in connection with development of the Land and rehabilitation

or construction of the Improvements (collectively, “**Plans**”); and

h. All interests and rights in any private or governmental grants, subsidies, loans or other financing provided in connection with development of the Land and rehabilitation or construction of the Improvements (collectively, “**Financing**”).

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the “**Property**.”

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the “**Secured Obligations**”): (i) all present and future indebtedness evidenced by the Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary’s interests under this Deed of Trust or any other Loan Document as such may be modified, supplemented, amended, renewed or extended. The Amended First Note, the Amended Second Note, the Seller Takeback Note, the Loan Agreement, the Amended Regulatory Agreement, this Deed of Trust, the Amended First Deed of Trust, and the Seller Takeback Deed of Trust are hereinafter collectively referred to as the “**Loan Documents**.”

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys’ fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary’s right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust,

Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. Trustor intends this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "UCC"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present

or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Riverside County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that: (i) Trustor lawfully possesses and holds a fee simple interest in the Land and the Improvements, (ii) Trustor has good and marketable title to all of the Property; (iii) other than as limited by the Loan Documents, Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; (iv) subject only to encumbrances of record and senior liens permitted pursuant to the Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"), this Deed of Trust creates a valid lien on Trustor's entire interest in the Property; (v) except with respect to Permitted Encumbrances, Trustor owns the Property free and clear of all deeds of trust, mortgages, security agreements, reservations of title or conditional sales contracts, (vi) there is no financing statement affecting the Property or any part thereof on file in any public office other than as disclosed in writing to Beneficiary; and (vii) the correct address of Trustor's chief executive office is specified in Section 10.2.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, and except as disclosed to Beneficiary in writing, no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (ii) except as disclosed to Beneficiary in writing, no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iii) except as disclosed to Beneficiary in writing, there are no threatened or pending actions, suits, or administrative proceedings against

or affecting the Property or any portion thereof or the interest of Trustor in the Property; (iv) there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (v) Trustor has not received any notice from any insurer of defects of the Property which have not been corrected; (vi) there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (vii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (viii) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the Loan Documents in accordance with the respective terms thereof.

7.5 Use of Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the proceeds of the Loan (the "**Loan Proceeds**") solely for purposes authorized by the Loan Documents. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants to comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations, and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Default hereunder if the Property, any part thereof, or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Documents or if any other Transfer (as defined in the Loan Documents) occurs in violation of the

Loan Documents. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the Loan Documents. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value redetermined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to 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; provided however, if Trustor is not in default under the Loan Documents, the proceeds shall be released to Trustor to repair or rebuild the Project. 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. Notwithstanding anything to the contrary set forth herein, provided that Trustor is not in default under any Loan Document,

Trustor shall be permitted to use the proceeds of insurance to rebuild the Improvements.

7.10.1 Trustor shall at all times during the term hereof, maintain insurance coverage in the amounts and in accordance with the requirements specified in the Loan Documents, and shall otherwise comply with all requirements pertaining to insurance specified in Article X of the Loan Agreement, the Regulatory Agreement, or this Deed of Trust.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least thirty (30) days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials.

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought

upon, kept, stored or used in, on, under, or about the Land by Trustor, its agents, employees, contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of residential developments and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

To the fullest extent permitted by law, Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, “**Indemnitees**”) harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually “**Claim**” and collectively “**Claims**”) arising in connection with the breach of Trustor’s covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor’s own cost and expense, do all of the following:

- a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;
- b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and
- c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor’s obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Trustor to receive notice of or consideration for any of the following: (i) any amendment or modification of any Loan Document; (ii) any extensions of time for performance required by any Loan Document; (iii) any provision in any of the Loan Documents limiting Beneficiary’s recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by

Trustor under this Deed of Trust or by Trustor or any other party under any Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "**Environmental Provisions**"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("**Section 736**") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

"**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code

Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

“**Environmental Law**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within three business days of the occurrence of such loss. Trustor shall ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three (3) business days of Trustor’s receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor’s sole expense, Trustor shall protect, preserve

and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.18 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any Property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any Loan Document, (b) any representation by Trustor in any Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises out of the Property, or any Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste

committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property; or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Insurance and Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby 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. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, insurance and/or condemnation proceeds may be used to repair and/or restore the Project.

7.16 Release, Extension, Modification. At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor if Trustor fails to do so in the time provided for cure, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining

insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 either with or without giving notice, except for notices required under applicable law. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners shall have the right to cure any default of Trustor hereunder upon the same terms and conditions afforded to Trustor.

Beneficiary shall provide any notice of default hereunder to the limited partners at the address set forth in Section 10.2 below, concurrently with the provision of such notice to Trustor.

## 8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events.

a. Beneficiary's declaration of an Event of Default under any Loan Document, subject to the expiration of any applicable cure period set forth in the applicable document;

b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, or under any other Loan Document, and does not cure that failure within thirty (30) days following written notice from Beneficiary or Trustee;

c. If Trustor's interest in the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the Loan Documents and Trustor fails to rescind such conveyance or otherwise cure such breach within the time period specified in paragraph j below;

d. Trustor fails to maintain the insurance coverage required hereunder or under the other Loan Documents, or otherwise fails to comply with the requirements of Section 7.10 hereof, and Trustor fails to cure such default within the applicable time specified in Section 7.10;

e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay when due any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within thirty (30) days of the date of delinquency, but in all events prior to the imposition of any such tax or other lien.

f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other Loan Document proves to have been false or

misleading in any material adverse respect when made;

g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof, or substantially all of such entity’s assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project or any part thereof, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder’s documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within thirty (30) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within thirty (30) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary’s reasonable judgment cannot reasonably be cured within thirty (30) days, an Event of Default shall not arise hereunder if Trustor commences to cure such default within thirty (30) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than sixty (60) days following receipt of notice of default.

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary’s rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys’ fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the 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, and at Beneficiary's request shall, postpone sale of all or any portion of the 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 and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees that regardless of whether or not a default has occurred hereunder, if an Event of Default has occurred under the Loan Documents, and if in connection with such Event of Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

- a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and
- b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein,

including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail; or
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier.

**TRUSTOR:** Mobley Lane Partners, LP  
c/o Riverside Housing Development Corporation  
4250 Brockton Avenue  
Riverside, California 92501  
Attention: Executive Director  
Ph: (951) 341-0170

With a copy to: Wakeland Mobley, LLC  
c/o Wakeland Housing and Development Corporation  
1230 Columbia Street, Suite 950  
San Diego, California 92101  
Ph: (619) 235-2296

And with a copy to: Raymond James Housing Opportunities Fund 27, LLC  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Facsimile No.: (727) 567-8455

And with a copy to: Kyle Arndt, Esq.  
Bocarsly Emden Cowan Esmail & Arndt LLP  
633 W. 5<sup>th</sup> Street, 64<sup>th</sup> Floor  
Los Angeles, California 90071  
Facsimile No.: (213) 239-0410

**BENEFICIARY:** Hemet Housing Authority  
45 E. Florida Avenue  
Hemet, CA 92543  
Attention: Executive Director

With a copy to: Burke, Williams & Sorensen, LLP  
1901 Harrison Street, Suite 900  
Oakland, CA 94612  
Attention: Susan Bloch, Esq.

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Riverside County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's Executive Director or by any person who shall have been designated by Beneficiary's Executive Director, without further approval by the governing board of Beneficiary.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Counterparts. This Deed of Trust may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.12 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "TCAC

**Regulatory Agreement**”), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended (the **“Code”**). In the event of a foreclosure of Beneficiary’s interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a **“Foreclosure”**), the following rule shall apply pursuant to Section 42(h)(6)(e)(ii) of the Code:

With respect to any dwelling units that had been regulated by the TCAC Regulatory Agreement, for a period of three (3) years following a Foreclosure: none of the tenants occupying such units at the time of the Foreclosure may be evicted or have their tenancy terminated other than for good cause, nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

**SIGNATURES ON FOLLOWING PAGE.**

**IN WITNESS WHEREOF**, Trustor has executed this Amended and Restated Deed of Trust as of the date first written above.

**TRUSTOR:**

MOBLEY LANE PARTNERS, LP,  
a California limited partnership

By: Riverside Housing Development Corporation,  
a California nonprofit public benefit corporation,  
its managing general partner

By: \_\_\_\_\_  
Bruce Kulpa, President

By: Wakeland Mobley, LLC,  
a California limited liability company,  
its co-general partner

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

By: \_\_\_\_\_  
Kenneth L. Sauder, President and CEO

**SIGNATURES MUST BE NOTARIZED.**



**ACKNOWLEDGMENT**

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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(Name of Notary)

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.

\_\_\_\_\_  
(Notary Signature)

Exhibit A

**LAND**

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

LOTS 3, 5, 6, 8, 10, 11, 12, 13, 14, 15 and 16 OF TRACT NO. 12270, CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 109 PAGES 68 AND 69 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBERS: 443-090-023; 025; 026; 028; 030; 031; 032; 033; 034; 035; 036.