

PREDEVELOPMENT AND CONSTRUCTION LOAN AGREEMENT

by and between

THE COUNTY OF SISKIYOU

and

RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION

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PREDEVELOPMENT AND CONSTRUCTION LOAN AGREEMENT

This Predevelopment and Construction Loan Agreement (the "Agreement") is entered into as of _____, 2021 (the "Effective Date"), by and between THE COUNTY OF SISKIYOU, a political subdivision of the State of California (the "County"), and RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("Borrower"), with reference to the following facts, purposes and intentions.

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with their use in these Recitals.

B. As of the Effective Date, Borrower owns, or has the right to acquire, the Property, which consists of approximately 13.9 acres, and is generally located at the intersection of Foothill Drive and Sierra Vista Drive, in the City of Yreka, California. The Property is more particularly described in the attached Exhibit A.

C. The Property currently consists of a vacant land, and the Borrower intends to construct the Development using the Approved Financing.

D. The County desires to provide the Loan in the total amount of One Million Five Hundred Sixty-Three Thousand Four Hundred Ninety-Nine Dollars (\$1,563,499), which consists of the Predevelopment Component and the Construction Component.

E. The Loan is being made to finance predevelopment costs, and development and other costs associated with the Development in order to help achieve financial feasibility for the Development and to increase the supply of affordable permanent supportive rental housing in the County.

F. The use of PHC funds in accordance with this Agreement is consistent with the MOU in that the funds will expand permanent supportive housing opportunities.

NOW, THEREFORE, in consideration of the recitals hereof and the mutual promises and covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "Agreement" means this Predevelopment and Construction Loan Agreement.

(b) "Approved Financing" means all of the following loans, or other financing, obtained by Borrower and approved by the County for the purpose of financing the Development, in addition to the Loan:

(1) A construction loan from Construction Lender in an approximate amount of Fifteen Million Dollars (\$15,000,000) (the "Construction Loan").

(2) An additional construction loan from the County in the amount of One Hundred Forty-Two Thousand One Hundred and Twenty Dollars (\$142,120), consisting of Permanent Local Housing Allocation funds (the "PLHA Funds") received by the County from HCD (the "PLHA Loan");

(3) A loan from HCD in the approximate amount of Four Million Three Hundred Seventy-Three Thousand Nine Hundred Twenty-Two Dollars (\$4,373,922) consisting of funds from the No Place Like Home program (the "NPLH Loan");

(4) A loan from RCHD to the Partnership in the approximate amount of Four Million Two Hundred Eighty-Four Thousand Seven Hundred and Seventy-Three Dollars (\$4,284,773) (the "Sponsor COSR Loan"); and

(5) Low Income Housing Tax Credit investor equity funds in the approximate amount of Thirteen Million Four Hundred Fourteen Thousand Nine Hundred Twenty-Two Dollars (\$13,414,922) to be contributed to the Partnership by the Investor in exchange for the admission to the Partnership as a limited partner and allocation of low-income housing tax credits (the "Tax Credit Equity Funds").

(c) "Assignment of Plans " means that certain assignment agreement executed by the Borrower in favor of the County to secure the Predevelopment Component.

(d) "Borrower" or "RCHDC" means Rural Communities Housing Development Corporation, a California nonprofit public benefit corporation, and its permitted successors and assigns.

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

(f) "Construction Component" means the portion of the Loan in the amount of One Million Two Hundred Eighty-Three Thousand Four Hundred and Ninety-Nine Dollars (\$1,283,499). The Construction Component consists of: (i) Six Hundred Thirty Thousand Four Hundred Fifty-Five Dollars (\$630,455) allocated to the County from the Mental Health Services Act (the "MHSA Funds"); (ii) Two Hundred Eighty Thousand Dollars (\$280,000) allocated to the County from PHC (the "PHC Funds"); and (iii) Three Hundred Seventy-Three Thousand and Forty-Four Dollars (\$373,044) allocated to the County from the NorCal Continuum of Care (the "HHAP Funds").

(g) "Construction Lender" means any commercial lending institution selected by the Borrower to fund the Construction Loan.

(h) "County" means the County of Siskiyou, a political subdivision of the State of California.

(i) "County Board" means the Board of Supervisors of the County.

(j) "County Note" means the promissory note that will evidence Borrower's obligation to repay the Loan. The form of the Note is attached as Exhibit D.

(k) "County Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower to be recorded against the Property in conjunction with the acquisition of the Property pursuant to the Option Agreement.

(l) "Deed of Trust" means the deed of trust, in favor of the County, that will encumber the Property to secure repayment of the Loan.

(m) "Default" has the meaning set forth in Section 5.1 below.

(n) "Default Rate" has the meaning set forth in Section 2.2(b) below.

(o) "Development" means the Property and the Improvements.

(p) "Development Budget" means the proforma development budget, including sources and uses of funds, as approved by the County, and attached hereto and incorporated herein as Exhibit B.

(q) "Effective Date" means the first date set forth above.

(r) "Force Majeure" means the occurrence of one or more of those events described in Section 6.15, permitting an extension of time for performance of obligations under this Agreement.

(s) "Hazardous Materials" has the meaning set forth in Section 4.4 below.

(t) "Hazardous Materials Claim" has the meaning set forth in Section 4.4 below.

(u) "Hazardous Materials Law" has the meaning set forth in Section 4.4 below.

(v) "HCD" means the State of California Department of Housing and Community Development.

(w) "Improvements" means the fifty (50) units of multi-family housing (including one (1) manager's unit) to be developed pursuant to this Agreement, all ancillary

improvements on the Property, and any other improvements constructed by, or on behalf of, Borrower on the Property during the Term.

(x) "Investor" means any investor selected by the Borrower to be admitted to the Partnership in order to provide the Tax Credit Equity Funds to the Development.

(y) "Loan" means the County loan to Borrower in the total principal amount of One Million Five Hundred Sixty-Three Thousand Four Hundred Ninety-Nine Dollars (\$1,563,499) provided pursuant to this Agreement. The Loan consists of: (i) the Predevelopment Component, in the amount of Two Hundred Eighty Thousand Dollars (\$280,000); and (ii) the Construction Component in the amount of One Million Two Hundred Eighty-Three Thousand Four Hundred and Ninety-Nine Dollars (\$1,283,499).

(z) "Loan Documents" means this Agreement, the County Note, the County Regulatory Agreement, the Deed of Trust (when applicable), and any other document or agreement evidencing the Loan.

(aa) "MOU" means the Memorandum of Understanding between the County through its Health and Human Services Agency and Partnership HealthPlan of California dated as of April 1, 2019, as amended.

(bb) "Operating Memorandum" has the meaning given in Section 6.18 below.

(cc) "Option Agreement" shall mean that certain "Option to Purchase and Purchase Agreement" dated as of June 29, 2021, between the County and RCHDC for the Property.

(dd) "Parties" means the County and Borrower.

(ee) "Partnership" means the California limited partnership to be formed by RCHDC, or a limited liability company whose sole member is RCHDC (or an affiliate of RCHDC), as general partner, and the Investor, as limited partner.

(ff) "Partnership Agreement" means the Agreement of Limited Partnership of the Partnership, as may be amended from time to time, that governs the operation and organization Partnership.

(gg) "PHC" means Partnership HealthPlan of California.

(hh) "Predevelopment Component" means the portion of the Loan in the total amount of Two Hundred Eighty Thousand Dollars (\$280,000) consisting of funds allocated to the County by PHC.

(ii) "Predevelopment Component Note" means the promissory note evidencing the Predevelopment Component. The form of the Predevelopment Component Note is attached as Exhibit C.

(jj) "Property" means that certain real property located in the City of Yreka, California, as more particularly described in Exhibit A.

(kk) "Term" means the term of this Agreement, and the Loan, which commences as of the Effective Date and, unless terminated earlier pursuant to the provisions of this Agreement, ends on the earlier of: (i) fifty-seven (57) years after the date of the recordation of the Deed of Trust against the Property; or (ii) fifty-five (55) years after the date the first building located on the Property is constructed and obtains a certificate of occupancy, or equivalent document, from the City.

(ll) "Title Company" means Mt. Shasta Title and Escrow Company, or such other nationally recognized title company reasonably acceptable to the Parties.

(mm) "Transfer" has the meaning set forth in Section 4.11 below.

Section 1.2 Exhibits. The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A: Legal Description of the Property
Exhibit B: Development Budget
Exhibit C: Form of Predevelopment Component Note
Exhibit D: Form of County Note
Exhibit E: PHC MOU Obligations

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan. Subject to satisfaction of the conditions set forth in Sections 2.3 and 2.5 below, the County shall lend to Borrower the Loan. The Loan consists of the Predevelopment Component, and the Construction Component. The Borrower's obligation to repay the Predevelopment Component is evidenced by the Predevelopment Component Note. The Borrower's obligation to repay the Loan, if any, is evidenced by the County Note.

Section 2.2 Interest.

(a) Loan. Subject to the provisions of subsection (b) below, simple interest will accrue on the outstanding principal balance of the Loan at a per annum rate of interest equal to three percent (3%), commencing on the date the Borrower executes the County Note.

(b) Default Rate. In the event of a Default, interest on the Loan will begin to accrue, as of the date of Default and continue until such time as the Loan is repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law (the "Default Rate").

Section 2.3 Use of Loan Funds. The Borrower shall use the Loan funds consistent with the Approved Development Budget, which shall fulfill and be consistent with the Loan Documents. The Borrower shall not use the Loan funds for any other purposes without the prior

written consent of the County. The Borrower will provide County with documentation that demonstrates that the Loan was used only for the purposes described in this section.

(a) Borrower's Additional Obligations. As a condition of its acceptance of the Predevelopment Component funds, Borrower shall additionally cooperate and coordinate with the County to provide to County all reports and information that are required as a condition of the MOU and are set forth in Exhibit E of this Agreement.

Section 2.4 Security.

(a) Predevelopment Component. Borrower shall secure its obligation to repay the Predevelopment Component, as evidenced by the Predevelopment Component Note, by executing the Assignment of Plans delivering such executed document to the County.

(b) Construction Component. Provided that this Agreement has not been terminated, and the Predevelopment Component has not been forgiven, as set forth in Section 2.7, Borrower shall secure its obligation to repay the Loan (inclusive of the Predevelopment Component and Construction Component), as evidenced by the County Note, by executing the Deed of Trust, and recording it as a lien against the Property.

Section 2.5 Conditions Precedent to Disbursement of the Loan; Disbursement.

(a) Conditions Precedent to Disbursement of Predevelopment Component. The maximum amount of funds to be disbursed pursuant to this Section 2.5(a) shall not exceed the amount of the Loan. The County shall not be obligated to make any disbursements of Loan proceeds unless the following conditions precedent are satisfied:

(1) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement, or any other Loan Documents;

(2) Borrower has delivered to the County a budget for the use of the Predevelopment Component, if not documented on the Development Budget attached as Exhibit B;

(3) The Option Agreement remains in full force and effect or Developer has exercised its option under the Option Agreement;

(4) The Assignment of Plans has been executed by the Borrower;

(5) Borrower has furnished the County with evidence of the insurance coverage meeting the requirements of Section 4.10 below.

(b) Conditions Precedent to Disbursement of Construction Component. The maximum amount of funds to be disbursed pursuant to this Section 2.5(b) shall not exceed the amount of the Construction Component. The County shall not be obligated to make any disbursements of the Construction Component proceeds unless the following conditions precedent are satisfied:

- (1) This Agreement has not been terminated pursuant to Section 2.7;
- (2) The Title Company is unconditionally and irrevocably committed to issuing an ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the County, and containing such endorsements as the County may reasonably require;
- (3) The Borrower has acquired the Property;
- (4) The Borrower has executed the County Note;
- (5) The Deed of Trust and the Regulatory Agreement have been recorded against the Property.
- (6) Borrower has closed all Approved Financing described in Section 1.1(b); and
- (7) Borrower has recorded Borrower's Additional Obligations as ongoing obligations of the property owner.

Section 2.6 Disbursement. Upon the satisfaction of the conditions precedent set forth above, the County shall disburse the full amount of the Loan to the Borrower. In accordance with the County Note, upon execution by the Borrower and delivery to the County, the County Note amends and restates the Predevelopment Component Note, and the Predevelopment Component Note is deemed cancelled, and is of no further force or effect.

Section 2.7 Forgiveness of Predevelopment Component. Provided that there is no occurrence and continuation of a Default under this Agreement, and the Borrower has delivered to the County any documents secured by the Assignment of Plans, this Agreement may be terminated by the Borrower under the circumstances set forth below by giving written notice of such termination to the County:

(a) The Borrower does not receive any remaining governmental approvals required and/or desired for the development of the Property, despite the Borrower's commercially reasonable efforts to obtain such approvals; or

(b) The determination by the Borrower in its commercially reasonable discretion that any remediation work with respect to Hazardous Materials, or addressing other physical conditions of the Property, or other costs, conditions or requirements of or for the Development are so expensive as to make the Development financially infeasible; or

(c) The Borrower does not receive commitments of all financing set forth in the Approved Financing, or reasonable substitutions therefor, necessary to acquire, construct, and operate the Development, despite the Borrower's commercially reasonable efforts to obtain such funding.

Upon such termination, the County shall forgive all funds disbursed under the Predevelopment Component that Developer has expended on predevelopment costs consistent with the Development Budget. Borrower shall include with its notice of termination (x) an accounting of the funds expended to date, and (y) a return of the unexpended funds. The County shall mark the Predevelopment Component Note as "cancelled" and return the Predevelopment Component Note to the Borrower, upon termination of this Agreement pursuant to this Section, provided that the Borrower takes all actions necessary to implement the Assignment of Plans and effectuate the termination. Following termination under this Section neither Party shall have any rights or obligations under this Agreement, except that the provisions of Agreement that expressly survive such termination shall remain in full force and effect. In no event shall the Borrower's election to terminate this Agreement, pursuant to this Section, constitute a breach or Default under this Agreement. In the event the Borrower executes the County Note, then this Section shall no longer have any force or effect. In the event of any conflict between the terms of this Section, and any other provision of this Agreement, or any of the other Loan Documents, the terms of this Section shall control. Due in Full. All principal and accrued interest on the Loan shall be due in full on the earlier to occur of: (i) the date of any Default; or (ii) the expiration of the Term.

Section 2.9 Right to Prepay. Borrower may prepay the Loan at any time without premium or penalty. However, this Agreement, and the County Regulatory Agreement shall remain in effect for the entire Term regardless of any prepayment.

Section 2.10 Non-Recourse. Except as provided below, Borrower or the partners of the Borrower shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of Borrower under the Deed of Trust. The sole recourse of the County with respect to the principal of, or interest on, the Note and defaults by Borrower in the performance of its covenants under the Deed of Trust shall be to the Development; provided, however, that nothing contained in the foregoing limitation of liability shall: (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the County thereunder; or (b) be deemed in any way to impair the right of the County to assert the unpaid principal amount of the Note as demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note and the performance of Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve Borrower of its obligation to indemnify the County under Sections 4.4, and 6.5 of this Agreement; or liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards 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 Development.

ARTICLE 3
CONSTRUCTION OF THE IMPROVEMENTS

Section 3.1 Performance of Work Pursuant to Laws; Prevailing Wages.

(a) Compliance with Laws. Borrower shall cause all work performed in connection with the Development to be performed in compliance with: (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter; and (ii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by the City or any governmental agency having jurisdiction, and Borrower shall be responsible to the County for the procurement and maintenance thereof, as may be required of Borrower and all entities engaged in work on the Development.

(b) State Prevailing Wages. This Agreement has been prepared with the intention that the Loan meets the exceptions set forth in California Labor Code Sections 1720(c)(1) and 1720(c)(5)(E) to the general requirement that state prevailing wages be paid in connection with construction work that is paid for in whole or in part out of public funds. Notwithstanding the foregoing, Borrower shall be responsible for determining whether any work related to this agreement is subject to payment of prevailing wages, and if so, for complying with all prevailing wage laws.

Section 3.2 Bonds. Prior to the commencement of construction, Borrower shall deliver to the County copies of labor and material bonds and performance bonds for the construction of the Development in an amount equal to one hundred percent (100%) of the scheduled cost of the Development, or such other security for the completion of construction of the Development acceptable to the Investor. Such performance bond (or other security provided) shall name the County as a co-obligee.

Section 3.3 Equal Opportunity. During the construction of the Improvements there shall be no discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the construction work.

Section 3.4 Construction Responsibilities.

(a) Borrower is responsible for the coordination and scheduling of the work to be performed so that commencement and completion of the construction of the Improvements will take place in accordance with this Agreement.

(b) Borrower is solely responsible for all aspects of Borrower's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the County with

reference to the Development is solely for the purpose of determining whether Borrower is properly discharging its obligations to the County, and should not be relied upon by Borrower or by any third parties as a warranty or representation by the County as to the quality of the design or construction of the Development and does not relieve Borrower, or its consultants, from any applicable requirement to obtain City approval and/or inspections.

Section 3.5 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Development or a stop notice affecting the Loan is served on the County or any other lender or other third party in connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the County a surety bond from a surety acceptable to the County in sufficient form and amount, or provide the County with other assurance satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the County may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the County may require Borrower to immediately deposit with the County the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The County may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction of the Development for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property and/or Development. Borrower authorizes the County, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the County deems necessary or desirable to protect its interest in the Property and/or Development.

Section 3.6 Inspections. Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development by the County and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement. Such inspections do not relieve Borrower, or its contractors, from any applicable requirement to obtain City inspections in connection with the construction of the Improvements.

ARTICLE 4
ONGOING OBLIGATIONS

Section 4.1 Information. Borrower shall provide any information reasonably requested by the County in connection with the Development.

Section 4.2 Records. Borrower shall keep and maintain at the Development, or elsewhere with the County's written consent, full, complete and appropriate books, record and

accounts relating to the Development, including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's compliance with the terms and provisions of this Agreement. Books, records and accounts relating to Borrower's compliance with the terms, provisions, covenants and conditions of this Agreement shall be kept and maintained in accordance with generally accepted accounting principles consistently applied, and shall be consistent with requirements of this Agreement. All such books, records, and accounts shall be open to and available for inspection and copying by the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall permit any duly authorized representative of the County to inspect and copy such records. Such records shall include all invoices, receipts, and other documents related to expenditures from the Loan and must be kept accurate and current. Borrower shall maintain complete, accurate, and current records pertaining to the Development for a period of not less than ten (10) years after termination of this Agreement for all expenditures, and as reasonably requested by County in order to comply with mandated records retention laws. If the Borrower is unable to maintain these records, Borrower may transfer them to the County. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Loan is pending at the end of the record retention period stated herein, then Borrower shall retain such records until such action and all related issues are resolved.

Section 4.3 Audits. Borrower shall make available for examination at reasonable intervals and during normal business hours to County all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit County to audit, examine, and make excerpts or transcripts from such records. County may make audits of any conditions relating to this Agreement.

Section 4.4 Hazardous Materials.

(a) Borrower shall keep and maintain the Development in compliance with, and shall not cause or permit the Development to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Development including, but not limited to, soil and ground water conditions. Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Development or transport to or from the Development any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be used in construction of the Development or customarily kept and used in and about residential property of this type.

(b) Borrower shall immediately advise the County in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Development pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Borrower or the Development relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in

clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"; and (iii) Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development that could cause the Development or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Development under any Hazardous Materials Law.

(c) The County shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower. Borrower shall indemnify and hold harmless the County and its commissioners, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Development including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Development and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by the County in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees. This obligation to indemnify shall survive termination of this Agreement.

(d) Without the County's prior written consent, which shall not be unreasonably withheld, Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Development, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the County's reasonable judgment, impair the value of the County's security hereunder; provided, however, that the County's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Development either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the County's consent before taking such action, provided that in such event Borrower shall notify the County as soon as practicable of any action so taken. The County agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Borrower establishes to the reasonable satisfaction of the County that there is no reasonable alternative to such remedial action which would result in less impairment of the County's security hereunder; or (iv) the action has been agreed to by the County.

(e) Borrower hereby acknowledges and agrees that: (i) this Section is intended as the County's written request for information (and Borrower's response) concerning the environmental condition of the Development as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Development is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Development is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the County's or the trustee's rights and remedies under the Deed of Trust, the County may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to: (1) waive its lien on such environmentally impaired or affected portion of the Development; and (2) exercise, (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Borrower to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the County right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Development and Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the County in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Development is environmentally impaired, plus interest thereon at the rate specified in the Note until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the County upon its demand made at any time following the conclusion of such action.

Section 4.5 Maintenance and Damage.

(a) During the course of both the construction of the Improvements and operation of the Development, Borrower shall maintain the Development in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving a notice from the County of such a condition, then in addition to any other rights available to the County, the County shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Development.

(b) If economically feasible in the County's reasonable judgment after consultation with Borrower, if any improvement now or in the future on the Development is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the County with such changes as have been approved by the County. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the County in writing, after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then Borrower shall make up the deficiency.

Section 4.6 Fees and Taxes. Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public County or utility company with respect to the Development to the extent owned by Borrower, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as: (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings; and (b) if requested by the County, Borrower deposits with the County any funds or other forms of assurance that the County in good faith from time to time determines appropriate to protect the County from the consequences of the contest being unsuccessful.

Section 4.7 Notice of Litigation. Borrower shall promptly notify the County in writing of any actions or proceedings pending or threatened against or affecting Borrower and/or the Development, and of any claims or disputes that involve a material risk of litigation.

Section 4.8 Operation of Development as Affordable Housing. Borrower shall continuously operate and maintain the Development as affordable housing rented to income-eligible tenants in conformity with: (i) this Agreement; and (ii) any regulatory agreements recorded against the Property, including the County Regulatory Agreement.

Section 4.9 Non-Discrimination. Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, age, disability (except to the extent necessary to comply with any Approved Financing), medical condition, familial status, source of income or any other arbitrary basis in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Development, nor shall Borrower or any person claiming under or through Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Development.

Section 4.10 Insurance Requirements. Borrower shall maintain the following insurance coverage throughout the Term:

(a) Workers' Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(b) Comprehensive General Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverage for Contractual Liability, Personal Injury, Broadform Property Damage, and Products and Completed Operations.

(c) Comprehensive Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverage for owned, non-owned and hired vehicles, as applicable; provided, however, that if Borrower does not own or lease vehicles for purposes of this Agreement, then no automobile insurance shall be required.

(d) Builder's Risk insurance during the course of construction, and upon completion of construction, property insurance, covering the Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County, naming the County as a Loss Payee, as its interests may appear. Flood insurance shall be obtained if required by applicable federal regulations.

(e) Borrower shall cause any general contractor, agent or subcontractor working on the Development under direct contract with Borrower or subcontract, to maintain insurance of the types and in at least the minimum amounts described in subsections (a), (b), and (c) above, except that the limit of liability for commercial general liability insurance for subcontractors shall be One Million Dollars (\$1,000,000), and shall require that such insurance shall meet all of the general requirements of subsections (g) and (h) below.

(f) The required insurance shall be provided under an occurrence form, and Borrower shall maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

(g) Comprehensive General Liability and Comprehensive Automobile Liability insurance policies shall be endorsed to name as an additional insured the County, and its officers, agents, employees and members of the County Board.

(h) All policies and bonds shall contain: (i) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (ii) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iii) a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any loss or damage thereby insured against.

(i) All insurance companies providing coverage pursuant to this Section shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California, and shall have an A. M. Best's rating of not less than "A:VII".

(j) If, in connection with the use of the Loan, death, serious personal injury, or substantial property damage occurs, then Borrower shall immediately notify the County. Borrower shall promptly submit to the County a written report, in such form as may be required by the County, of all accidents which occur in connection with this Agreement. This report shall include the following information: (i) name and address of the injured or deceased person(s); (ii) name and address of Borrower's contractor or subcontractor, if any; (iii) name and address of Borrower's liability insurance carrier; and (iv) a detailed description of the accident and whether any of the Borrower's equipment, tools or material were involved.

Section 4.11 Transfer.

(a) For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under this Agreement; and/or (ii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" excludes the leasing of any single unit in the Development to an occupant in compliance with the County Regulatory Agreement.

(b) No Transfer shall be permitted without the prior written consent of the County, which the County may withhold in its sole discretion; provided, however, that: (i) the Investor may Transfer its limited partnership interest to affiliates of Investor, without the consent of the County, so long as the managing general partner of the Borrower provides notice of such Transfer within thirty (30) days after such Transfer is effective; (ii) the Investor shall have the right to Transfer its limited partner interest, to any person without the County's consent; (iii) the Investor and the Construction Lender shall have the right to remove and replace a general partner of the Borrower in accordance with the Partnership Agreement without the County's consent so long as Borrower provides notice to County of such removal and replacement of the general partner within thirty (30) days of such replacement, which shall list the reasons for removal and the qualifications on which the new general partner was chosen, and shall provide written assurance that the change of the general partner will not affect Borrower's ability to satisfy the requirements of the County Regulatory Agreement or any of the other Loan Documents; and (iv) Construction Lender may foreclose or accept a deed in lieu of foreclosure, and subsequently sell the Property, without the consent of the County.

(c) The County approves of the assignment and assumption of this Agreement, by RCHDC to the Partnership.

(d) The County approves the grant of the security interests in the Development for the Approved Financing.

(e) Following the expiration of the fifteen (15)-year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended, (or at such other time period determined by the Borrower and the Investor), the County approves any Transfer by the Borrower of the Investor's limited partner interest, or the Development, to RCHDC, the general partner of the Borrower, or an entity controlled by RCHDC.

ARTICLE 5 DEFAULT AND REMEDIES

Section 5.1 Events of Default. Each of the following shall constitute a "Default" by Borrower under this Agreement:

(a) Failure to Make Payment. Failure of Borrower to repay the principal and any interest on the Loan that is due and payable to the County pursuant to the Loan Documents following written notice by the County of such failure and ten (10) days opportunity to cure.

(b) Breach of Covenants. Failure of Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the County to Borrower; provided, however, that if a different period or notice requirement is specified under any other section of this Article 5, the specific provisions shall control.

(c) Insolvency. A court having jurisdiction shall have made or entered any decree or order: (i) adjudging Borrower to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties; (iv) directing the winding up or liquidation of Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or (v) Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(d) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this subsection shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

(e) Suspension; Dissolution. Borrower shall have voluntarily suspended its business or the dissolution of Borrower.

(f) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the County) against the Development, or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the County.

(g) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Development.

(h) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.11.

(i) Representation or Warranty Incorrect. Any representation or warranty of Borrower contained in this Agreement, or in any application, financial statement, certificate, or

report submitted to the County in connection with any of the Loan Documents, proves to have been incorrect in any material and adverse respect when made. Provided, however, after completion of the construction of the Development, Default may be declared under this subsection only if the failure of representation or warranty also has a material adverse effect on the operation of the Development.

Section 5.2 Remedies. The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the County or automatically where so specified, relieve the County of any obligation to make or continue the Loan and shall give the County the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The County shall have the right to cause all indebtedness of Borrower to the County under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The County may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the County as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. Borrower shall be liable to pay the County on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the County in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

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

(c) Right to Cure at Borrower's Expense. The County shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. Borrower agrees to reimburse the County for any funds advanced by the County to cure a monetary default by Borrower upon demand therefore, together with interest thereon at the Default Rate from the date of expenditure until the date of reimbursement.

Section 5.3 Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the County or the rights of the County hereunder.

Section 5.4 Remedies Cumulative. No right, power, or remedy given to the County by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such

right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 5.5 Notice and Cure Rights of Investor. The County agrees to provide the Investor a duplicate copy of all notices of default that the County may give to or serve in writing upon Borrower pursuant to the terms of the Loan Documents, at the address set forth in Section 6.10 hereof, provided, the County shall have no liability to the Investor for its failure to do so. Notwithstanding anything in the foregoing sentence to the contrary, the County shall not commence with any of its rights or remedies for such Default until notice has been provided to the Investor, except that notwithstanding anything to the contrary, the County may commence an action for specific performance to enforce any affordability or other non-monetary covenant contained in the County Regulatory Agreement or this Agreement at any time. The Investor shall have the right, but not the obligation, to cure any Default of Borrower set forth in such notice, during any applicable cure period described in the Loan Documents, and the County will accept tender of such cure as if delivered by Borrower. Notwithstanding anything herein to the contrary, in the event no cure period is provided for a Default under the Loan Documents, the Investor shall have a period of thirty (30) days to cure any such Default following its receipt of notice in accordance with Section 6.10 hereof. If the Investor is unable to cure a Default because Borrower's general partner is in bankruptcy and/or because the cure requires removal of the general partner of Borrower and the Investor is proceeding diligently to remove the general partner of Borrower in order to effect a cure of the Default, the cure period shall be extended for such reasonable time as is necessary for the Investor to effect a cure of the Default. The address of the Investor set forth in Section 6.10 may be changed upon written notice delivered to the County in the manner specified in Section 6.10.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by either of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and Borrower or Borrower's agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower agrees to be solely responsible for its own acts and those of its agents and employees.

Section 6.2 No Claims. Nothing contained in this Agreement shall create or justify any claim against the County, by any person Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the development of the

Development, and Borrower shall include similar requirements in any contracts entered into for the development of the Development.

Section 6.3 Amendments. Except as otherwise provided in connection with Operating Memoranda executed pursuant to Section 6.18 below, no alteration or variation of the terms of this Agreement shall be valid unless agreed to in writing by the Parties.

Section 6.4 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 6.5 Indemnification. Except as directly caused by the County's gross negligence or willful misconduct, Borrower agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the County) the County, the County Board, and its officers and employees, from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of: (i) Borrower's performance or non-performance of its obligations under this Agreement; (ii) Borrower's ownership of the Development; (iii) the development, marketing, rental and operation of the Development; or (iv), any documents executed by Borrower in connection with the Development. The provisions of this Section shall survive termination of this Agreement.

Section 6.6 Non-Liability of County Officials, Employees and Agents. No member, official, employee or agent of the County shall be personally liable to Borrower, or any successor in interest, in the event of any Default or breach by the County, or for any amount which may become due to Borrower or its successor or on any obligation under the terms of this Agreement.

Section 6.7 No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement except for the rights granted the Investor in Section 5.5 above and except for the rights granted to County after assignment of Loan as specified in Section 6.12(b) below.

Section 6.8 Action by the County. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent, request, extension of time, waiver of condition, termination, or other action by the County is required or permitted under this Agreement, such action may be given, made, or taken by the County's Chief Executive Officer, or designee (the "County CEO") without further approval by the County Board, and any such action shall be in writing.

Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The County CEO is also hereby authorized to approve, on behalf of the County, requests by Borrower for reasonable extensions of time deadlines set forth in this Agreement. The County shall not unreasonably delay in reviewing and approving or disapproving any proposal by Borrower made in connection with this Agreement.

Section 6.9 Waivers. Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its

obligations under this Agreement. Consent by the County to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 6.10 Notices, Demands and Communications. Formal notices, demands, and communications between the County and Borrower shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the County and Borrower as follows:

County: County of Siskiyou
818 S. Main Street
Yreka, California 96097
Attn: Sarah Collard

Borrower: Rural Communities Housing Development Corporation
499 Leslie Street
Ukiah, CA 95482
Attn: Executive Director

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

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section, or by an Operating Memorandum, as defined below. Receipt shall be deemed to have occurred on the date shown on a written receipt for delivery or refusal of delivery. Copies of notices sent to Borrower shall also be sent to any successor investor limited partner of Borrower who requests such notices in writing and provides its address to the County.

Section 6.11 Applicable Law and Venue. This Agreement shall be governed by California law. Any action brought claiming a breach of this Agreement or interpreting this Agreement shall be brought and venued in Siskiyou County, California.

Section 6.12 Parties Bound.

(a) Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, legal representatives, successors and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Property and the Development for the entire Term, and the benefit hereof shall inure to the benefit of the County and its successors and assigns.

(b) Upon the written request of the Borrower, provided that this Agreement has been assigned to the Partnership, the County shall assign its interest as the lender of the Loan to RCHDC, or an affiliate of RCHDC, by executing an assignment agreement in favor of RCHDC, or an affiliate of RCHDC, assigning the County's interest as the lender of the Loan to RCHDC, or an affiliate of RCHDC; provided, however, the County shall retain rights under this Agreement as a third party beneficiary, the County Regulatory Agreement shall not be assigned by the County, and the County shall retain the beneficial interest under the County Regulatory Agreement.

Section 6.13 Attorneys' Fees. If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit from the other party.

Section 6.14 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 6.15 Force Majeure. In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to acts of God, war, insurrection, strikes, lock-outs or other labor disturbances, one or more acts of a public enemy, war, riot, sabotage, blockade, embargo, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, court order, pandemic, epidemic, local public health emergency, delays or failures of performance by any governmental authority or utility company (other than the acts or failure to act of the County and so long as the party seeking the extension has adequately complied with the applicable processing requirements of such governmental County or utility company), delays resulting from changes in any applicable laws, rules, regulations, ordinances or codes, or a change in the interpretation thereof by any governing body with jurisdiction, or any other cause (other than lack of funds of Borrower or Borrower's inability to finance the construction of the Development) beyond the reasonable control or without the fault of the Party claiming an extension of time to perform or an inability of performance. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and the Party granting the extension agrees to the extension in writing. In no event shall the County be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 6.16 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Subsection (b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during,

or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this subsection (a) is followed.

(b) The conflict of interest provisions of subsection (a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

Section 6.17 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall not be definitive in interpreting any part of the Agreement's provisions.

Section 6.18 Operating Memoranda. The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation, and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance of those items covered in general terms under this Agreement. If and when, from time to time during the term of this Agreement, the Parties find that refinements or adjustments regarding details of performance are necessary or appropriate, they may effectuate such refinements or adjustments through a memorandum (individually, an "Operating Memorandum", and collectively, "Operating Memoranda") approved by the Parties which, after execution, shall be attached to this Agreement as addenda and become a part hereof. This Agreement describes some, but not all, of the circumstances in which the preparation and execution of Operating Memoranda may be appropriate.

Operating Memoranda may be executed on the County's behalf by the County CEO or the County CEO's designee. Operating Memoranda shall not require prior notice or hearing, and shall not constitute an amendment to this Agreement. Any substantive or significant modifications to the terms and conditions of performance under this Agreement or the Note shall be processed as an amendment of this Agreement in accordance with Section 6.3 above.

Section 6.19 Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

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

COUNTY:

COUNTY OF SISKIYOU, a political subdivision of the State of California

By: _____

Name: Ray A. Haupt

Its: Chair, Board of Supervisors

APPROVED AS TO FORM:

County Counsel

By: _____

BORROWER:

RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

DocuSigned by:

By: _____
E74106EAB46D4DC...

Aaron Lefebvre
Board Chair

DocuSigned by:

By: _____
FDCE835C5C6D4A7

Jennifer Hofstetter
Chief Financial Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Yreka, County of Siskiyou, State of California, described as follows:

Parcel 1 as described in the Grant Deed from The County of Siskiyou recorded October 21, 2013 as Document No. 13-0010249, Official Records of Siskiyou County.

APN: 053-651-820

EXHIBIT B DEVELOPMENT BUDGET



RCHCD - Siskiyou Crossroads
Yreka, Siskiyou County
Investor Projections

#	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	
5	SOURCES AND USES OF FUNDS										
6	Siskiyou Crossroads 510 N. Foothill Dr. Yreka, CA 96097										
7	SOURCES OF FUNDS										
8	AMOUNT TERMS										
9	MHSA		630,455	3% simple, 55 years, residual receipts			1.79%				
10			14,088	accrued interest during construction							
11	Partnership Health		560,000	3% simple, 55 years, residual receipts			1.79%				
12			12,514	accrued interest during construction							
13	NorCal CoC HHAP		230,809	3% simple, 55 years, residual receipts			1.79%				
14			5,158	accrued interest during construction							
15	County PLHA		142,120	3% simple, 55 years, residual receipts			1.79%				
16			3,176	accrued interest during construction							
17	State HCD NPLH- Noncompetitive		500,000	3% simple, 55 years, residual receipts, Perm only			1.79%				
18	State HCD NPLH- Competitive		3,873,922	3% simple, 55 years, residual receipts, Perm only			1.79%				
19	GP Equity- NPLH COSR		4,284,773								
20	Construction Loan		15,017,447	22 months						3.50%	
21	Deferred Developer Fee			Net Developer Fee		2,199,000				0.00%	
22	General Partner equity		1,000	Federal Credit		8,330					
23	Limited Partner @ 29.99%		14,313,874	Energy Credit		8,900					
24	TOTAL SOURCES		38,589,337	IRR		5.46%					
25										SCHEDULE	
26										Construction Closing	4/1/2022
27										100% Completion	7/1/2023
28	USES OF FUNDS		24,571,869							Perm Conversion	1/2/2024
29	Land acquisition		159,000						159,000		7.0
30	Acquisition loan interest/fees		0						0	8609	7/1/2024
31	Acquisition legal & closing costs		5,000						5,000	Const. Period Ratio	68.18%
32	Carrying costs		0						0		
33	OID Adjustment		0						0		
34	Demolition/remediation		0						0		
35	Offsite improvements	Total GC estimate: 12,548,045	128,000	128,000	128,000	128,000			0		
36	Site improvements & utilities		1,916,500	1,672,720	1,672,720	1,672,720			243,780		
37	Structure- New Construction		8,800,060	8,800,060	8,800,060	8,800,060			0		
38	Contractor general requirements/ overhead/profit		1,368,485	1,368,485	1,368,485	1,368,485			0		
39	Contractor bond and insurance		245,000	245,000	245,000	245,000			0		
40	PV system (outside GC estimate)		400,000	400,000	400,000	400,000			0		
41	Personal Property in Construction Contract		90,000	90,000	90,000	90,000	400,000		0		
42	Furniture Purchased by Owner		100,000	100,000	100,000	100,000			0		
43	Construction Contingency	10.00%	1,294,805	1,294,805	1,294,805	1,294,805	40,300		0		
44	Impact Fees		525,281	525,281	525,281	525,281			0		
45	Permits and utility hookups & Entitlement cost		115,000	115,000	115,000	115,000			0		
46	Architecture		668,630	668,630	668,630	668,630	25,403		0		
47	Survey, engineering, testing		274,030	274,030	274,030	274,030	10,438		0		
48	Prevailing wage monitoring		0	0	0	0			0		
49	Environmental reports		5,100	5,100	5,100	5,100			0		
50	Soft cost contingency - Adjust Here	8.28%	238,561	238,561	238,561	238,561			0		
51	Construction Loan Fees @0.5%	0.50%	75,087	75,087	75,087	75,087	2,800		0		
52	Public lender loan fee & expenses		0	0	0	0			0		
53	Soft lenders loan fee		0	0	0	0			0		
54	Interest on soft loans during construction		34,936	34,936	34,936	34,936			0		
55	Taxes during construction		1,000	1,000	1,000	1,000			0		
56	Construction Loan Interest during construction in basis - 15 months		328,507	328,507	328,507	328,507	12,510		0		
57	Construction loan interest post construction - 7 months		306,606						306,606		
58	Construction lender legal and costs		90,000	61,364	61,364	61,364			28,636		
59	Course of Construction Insurance		55,000	55,000	55,000	55,000			0		
60	Title - Construction Loan Closing		50,000	50,000	50,000	50,000			0		
61	Appraisal		8,000	8,000	8,000	8,000			0		
62	Tax Credit Allocation Committee Fees		83,067						83,067		
63	Legal Fees - Organization		5,000						5,000		
64	Legal Fees - Construction Loan Closing		50,000	50,000	50,000	50,000			0		
65	Legal - Syndication		40,000						40,000		
66	Legal - Permanent loan closing		10,000						10,000		
67	Legal - County & City legal costs		0						0		
68	Investor Legal		45,000	0	0	0			45,000		
69	Title - Permanent loan closing		10,000						10,000		
70	Market Study		7,000	0	0	0			7,000		
71	Consultant - Syndication		55,000						55,000		
72	Marketing		19,500						19,500		
73	Project Audit		20,000	0	0	0			20,000		
74	Operating Reserves - 6 mo ops		194,185						194,185		
75	Transition Reserve - 1 yr for NPLH		184,776						184,776		
76	Lease Up & Supplemental Reserve		80,000						80,000		
77	HCD- NPLH COSR (Held by HCD)		4,284,773						4,284,773		
78	Development Fee		2,200,000	2,200,000	2,200,000	2,200,000	83,781		0		
79	Repayment of Construction Loan		15,017,447						15,017,447		
80	TOTAL PROJECT COSTS		35,589,337	18,790,565	18,790,565	584,355	482,810		20,315,962		

EXHIBIT C
FORM OF PREDEVELOPMENT COMPONENT NOTE

ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS, AND APPROVALS
(Predevelopment Component-County Loan)

FOR VALUE RECEIVED, the undersigned, Rural Communities Housing Development Corporation, a California nonprofit public benefit corporation ("Borrower"), hereby assigns and transfers to the County of Siskiyou, a political subdivision of the State of California (the "County"), all of its right, title and interest in and to:

- (1) All consulting, architectural, design, engineering, supply, pre-construction, and construction contracts and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively "Agreements"), heretofore or hereafter entered into by any Contractor (as defined below);
- (2) All studies and analyses, surveys, plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "Studies, Plans and Specifications") heretofore or hereafter prepared by any Contractor (as defined below); and
- (3) All land use approvals, building permits, and other governmental approvals of any nature obtained for the Development (collectively, the "Land Use Approvals").

This Assignment of Agreements, Plans and Specifications, and Approvals (the "Assignment") is made pursuant to the terms of the Predevelopment and Construction Loan Agreement, dated as of even date herewith, by and between the Borrower and the County (the "Loan Agreement"). All capitalized terms used but not defined in this Assignment shall have the meanings set forth in the Loan Agreement.

For purposes of this Assignment, the term "Contractor" means any consultant, architect, construction contractor, engineer or other person or entity entering into Agreements with the Borrower and/or preparing Studies, Plans and Specifications for the Borrower with respect to the Development.

The Borrower hereby irrevocably appoints the County as its attorney-in-fact (which agency is coupled with an interest) to, upon the occurrence of a Default (after notice and opportunity to cure) or an event which, with notice or the passage of time or both would constitute a Default (after notice and opportunity to cure) under and as defined in the Loan Agreement or if the County acquires the Property, demand, receive, and enforce any and all of the Borrower's rights with respect to the Studies, Plans and Specifications, Agreements and Land Use Approvals, and perform any and all acts in the name of the Borrower or in the name of the County with the same force and effect as if performed by the Borrower in the absence of this Assignment.

The Borrower represents and warrants to the County that no previous assignment(s) of its rights or interest in or to the Studies, Plans and Specifications, Agreements, and/or Land Use Approvals, has or have been made, and the Borrower agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its rights or interest therein (without prior written approval of the County) so long as the County holds or retains any security interest under the Loan Agreement; provided, however, the County agrees that Borrower may assign its rights and interests to the Construction Lender and the County shall execute any document(s) required by the Construction Lender to subordinate the County's rights to the Construction Lender's rights. Borrower further represents and warrants that all Agreements, Studies, Plans and Specifications and Land Use Approvals for the Property are and will be in the name of Borrower and that Borrower has the full power and authority to execute this Assignment and perform its obligations hereunder.

This Assignment is made to secure: (1) payment to the County of all sums now or hereafter owing under the Predevelopment Component Note dated as of the date hereof made by the Borrower. to the order of the County, and any and all additional advances, modifications, extensions, renewals and amendments thereof; and (2) payment and performance by the Borrower of all its obligations under the Loan Agreement prior to the execution of the

County Note.

This Assignment shall be governed by the laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and the Borrower consents to the jurisdiction of any Federal or State Court within the County of Siskiyou having proper venue for the filing and maintenance of any action arising hereunder.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of the Borrower and the County; provided, however, this shall not be construed and is not intended to waive the restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by the Borrower contained in the Predevelopment Loan Agreement.

Executed by the Borrower as of _____, 2021.

BORROWER:

RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

DocuSigned by:

By: _____
E5E08ADD47EA41F...
Ryan LaRue
Chief Executive Officer

CONTRACTOR'S CONSENT

The undersigned contractor (collectively referred to as "Contractor") hereby consents to the foregoing Assignment of Agreements, Plans and Specifications, and Approvals ("Assignment"), of which this Contractor's Consent ("Consent") is a part, and acknowledges that there presently exists no unpaid claims presently due to the Contractor except as disclosed to the County arising out of the preparation and delivery of the Plans and Specification to the Borrower and/or the performance of the Contractor's obligations under the Agreements, as the term "Agreements" is defined in the Assignment.

Contractor agrees that if, at any time, the County shall become the owner of said Property, following a Default or the termination of the Loan Agreement, or, pursuant to its rights under the Loan Agreement, elects to undertake or cause the completion of construction of the Development on any of the Property, in accordance with the Plans and Specifications, and gives Contractor written notice of such election; then so long as the Contractor has received, receives or continues to receive the compensations called for under the Agreements, the County may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Contractor will continue to perform its obligations under the Agreements for the benefit and account of the County in the same manner as if performed for the benefit or account of the Borrower in the absence of this Assignment, so long as the County agrees to perform all of the obligations of the owner as outlined in the contract.

Contractor further agrees that, in the event of a breach by the Borrower of the Agreements, or any agreement entered into with Contractor in connection with the Plans and Specifications, so long as the Borrower's interest in the Agreements and Plans and Specifications is assigned to the County, Contractor will give written notice to the County at the address shown below of such breach. The County shall have thirty (30) days from the receipt of such written notice of Default to remedy or cure said Default; provided, however, nothing herein shall require the County to cure said Default or to undertake completion of construction of the Development.

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

Executed by the Contractor on _____.

Contractor: Rural Communities Housing
Development, a California nonprofit public health
benefit corporation

By: _____

Address of County:

Its: _____

County of Siskiyou
818 S. Main Street
Yreka, California 96097

Address of Contractor:

EXHIBIT D

FORM OF COUNTY NOTE

PROMISSORY NOTE

(County Loan)

\$1,563,499

Yreka, California
_____, 202__

FOR VALUE RECEIVED, the undersigned, RCHDC _____, a California limited partnership (the "Borrower"), hereby promises to pay to the order of the County of Siskiyou, a political subdivision of the State of California (the "Holder"), whose address is 806 S. Main Street, Yreka, California 96097, or the Holder's assignee, the principal amount equal to One Million Five Hundred Sixty-Three Thousand Four Hundred Ninety-Nine Dollars (\$1,563,499), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences the Borrower's obligation to pay the Holder the principal amount of One Million Five Hundred Sixty-Three Thousand Four Hundred Ninety-Nine Dollars (\$1,563,499) (the "Loan"), pursuant to the Predevelopment and Construction Loan Agreement between Rural Communities Housing Development Corporation, a California nonprofit public benefit corporation ("RCHDC") and the Holder dated as of _____, 2021 (the "Loan Agreement"), which Loan Agreement was assigned by RCHDC to the Borrower pursuant to that certain assignment and assumption agreement between RCHDC, as assignor, and Borrower, as assignee. In accordance with Section 2.6 of the Loan Agreement, this Note amends and restates that certain promissory note dated as of _____, 2021, executed by RCHDC, which is referred to as the Predevelopment Component Note in the Loan Agreement, and the Predevelopment Component Note is deemed cancelled, and is of no further force or effect. The Predevelopment Component, together with the Construction Component, constitutes the Loan. All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Interest.

(a) Interest. Subject to the provisions of Section 2(b) below, the outstanding principal balance of the Loan shall bear simple interest at a rate of three percent (3%) per annum. Interest on the Loan shall accrue commencing on the date of this Note.

(b) Default Interest. In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the Default Rate.

3. Terms of Repayment Requirements. Borrower shall repay the Loan as follows:

(a) Due in Full. All principal and accrued interest on the Loan shall be due in full on the earlier to occur of: (i) the date of any Default, or (ii) the expiration of the Term.

(b) Right to Prepay. Borrower may prepay, in whole or in part, the Loan at any time without premium or penalty. However, the Loan Agreement and the County

Regulatory Agreement shall remain in effect for the entire Term regardless of any prepayment. Payments made shall be credited first against accrued interest and then against outstanding principal.

4. No Assumption. This Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the Holder, other than as set forth in the Loan Agreement.

5. Security. This Note is secured by the Deed of Trust.

6. Terms of Payment.

(a) U.S. Currency. All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) Location. All payments on this Note shall be paid to Holder at 806 S. Main Street, Yreka, California 96097, or to such other place as the Holder of this Note may from time to time designate.

(c) No Expense to Holder. All payments on this Note shall be without expense to the Holder, and the Borrower agrees to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(d) No Unlawful Interest. Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

(e) Nonrecourse. This Note shall be nonrecourse to the Borrower, pursuant to, and except as provided in, Section 2.10 of the Loan Agreement.

7. Default.

(a) Events of Default. Any of the following shall constitute an event of default under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice from the Holder to the Borrower that such payment is due;

(ii) Any failure in the performance by the Borrower of any term, condition, provision or covenant set forth in this Note subject to the notice and cure period set forth in the Loan Agreement;

(iii) The occurrence of any event of default under any of the Loan Documents or other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Holder pursuant to the Loan Agreement or the Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Balance Due. Upon the occurrence of one or more of the foregoing events of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Holder become immediately due and payable upon written notice by the Holder to the Borrower without further demand.

(c) No Waiver. Holder's failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by Holder hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Borrower's Waivers. The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) Extension is no Release of Liability. Any extension of time for payment of this Note or any installment hereof made by agreement of the Holder with any person now or hereafter liable for payment of this Note shall not operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) No Offset. The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

(a) Notices. All notices to the Holder or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Holder and the Borrower may therein designate.

(b) Holder's Costs. The Borrower promises to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs, incurred by the Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) Amendment in Writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(f) Time. The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(g) Entire Agreement. This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan.

Remainder of page left intentionally blank

BORROWER:

_____, a California limited partnership

By: _____, a California limited liability company, its managing general partner

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

By: _____

Name: _____

Its: _____

EXHIBIT E

PHC MOU OBLIGATIONS

Siskiyou County Health and Human Services Agency agrees to provide the following services and documentation of services:

1. Evidence of site control for the project will be submitted to PHC by Developer Sponsor in collaboration with Grantee.
2. Written progress reports, documenting efforts to secure No Place Like Home funds and to establish the housing and related services will be submitted to PHC by Developer Sponsor, in collaboration with Grantee, on a quarterly basis and as requested by PHC staff. These reports shall include, as applicable:
 - a. Details of the expenditure of grant funds
 - b. Summaries of ongoing collaborative efforts with the region's health care providers and/or homeless programs;
 - c. Verification of the use of the applicable HMIS system;
 - d. Changes, if any, to the proposed budget or sustainability plan;
 - e. "Lessons learned" or observations on the effectiveness of various outreach, case management or other strategies.
3. A list of PHC members, including names, CIN numbers and birth dates, for PHC members housed or otherwise served. Grantee acknowledges its obligation to ensure that these data elements are collected in accordance with HIPAA and other relevant rules or regulations.
4. Documentation of any changes in services for PHC members previously housed or served (i.e., if members leave the housing facility);