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RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

HOME INVESTMENT PARTNERSHIPS PROGRAM
City of Roseville
311 Vernon Street
Roseville, California 95678

CITY OF ROSEVILLE

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (this "Agreement") is made and entered into this _____ day of _____ 20__, by and between Advocates for Mentally Ill Housing, Inc., a California nonprofit public benefit corporation with its principal place of business located at P.O. Box 5216, Auburn CA95604 ("Borrower") and the CITY OF ROSEVILLE, a municipal corporation (the "City") (collectively, the "Parties").

Recitals

- A. Borrower is the owner and holder of a fee estate in the real property located at 110 North Sunrise Avenue, Roseville, California 95661, County of Placer, as more particularly described in **Exhibit A**, attached hereto and incorporated herein (the "Property").
- B. Borrower is converting the Property to a Project Homekey site by rehabilitating eighty-three (83) residential units. Eighty-two (82) units will be as follows: fifty (50) units will be occupied by the chronically homeless population, twenty-seven (27) units will be occupied by persons experiencing homelessness and five (5) units will be occupied by youth experiencing homelessness or at-risk of homelessness (the "Development").
- C. The Development will be financed in whole or in part and regulated by a permanent loan from the City in a principal amount not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) (the "HOME Loan") from the HOME Investment Partnerships Program ("HOME Program"). The HOME Loan will be provided to Borrower by the City in accordance with California Code of Regulations, Title 25, sections 8200, *et seq.*, and 24 CFR Part 92, the federal regulations governing the HOME Program (together, the "HOME Regulations") and the HOME Standard Agreement. In consideration of the City's commitment to make the HOME Loan, the Borrower and the City have entered into a Loan Agreement executed concurrently herewith (the "HOME Loan Agreement"). The proceeds of the HOME Loan shall be disbursed, used and governed by the HOME Loan Agreement by and between the Borrower and the City. The HOME Loan Agreement, including all exhibits and attachments thereto, is

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incorporated in full by reference into this Agreement.

- D. Borrower agrees to abide by all provisions of the HOME Loan Agreement with respect to the Development, and Borrower shall execute a promissory note evidencing its obligation to repay the HOME Loan (the "HOME Note"). The HOME Note shall be secured by a deed of trust in favor of the City dated on or about even date herewith and executed by the Borrower to be recorded against the Property and the parties' respective interests therein (the "HOME Deed of Trust"). Borrower agrees to be bound by all terms and conditions of the HOME Note and the HOME Deed of Trust. The HOME Note, the HOME Deed of Trust, the HOME Loan Agreement, the HOME Standard Agreement and this Agreement are collectively referred to herein as the "City HOME Loan Documents".
- E. Borrower is a duly organized California non-profit public benefit corporation with the power, authority and ability to comply with the City requirements, the HOME Regulations and the City HOME Loan Documents.
- F. As further consideration for the HOME Loan for the rehabilitation of the eighty-three (83) residential units, and in furtherance of the purposes of the HOME Program, the Borrower must enter into this Agreement and has consented thereby to be and to have the Development and the Property regulated and restricted by the City as provided herein. The purpose of this Agreement is to regulate and restrict occupancy, rents, operation, ownership, and management of the Development and the Property to ensure continued affordability in compliance with the requirements of the City and the HOME Program. The covenants in this Agreement are intended to run with the land and be binding on Borrower and Borrower's successors-in-interest to the land for the full term of this Agreement. Borrower further agrees to be bound by the City HOME Loan Documents.

NOW, THEREFORE, the Parties hereto agree as follows:

- 1. Recitals. The foregoing recitals are a part of this Agreement.
- 2. Property. The Development will be located on the Property.
- 3. Definitions. Unless the context requires otherwise, the terms used in this Agreement shall be governed by the definitions set forth in 24 CFR Part 92, and California Code of Regulations, Title 25, sections 8201 and 8301. All references to code sections refer to Title 25 of the California Code of Regulations, unless otherwise noted.

For purposes of this Agreement, the following additional definitions shall apply:

- a. "Assisted Unit" means a dwelling unit the construction of which was assisted with proceeds of the HOME Loan. For purposes of this Agreement, eighty-two (82) of the eighty-three (83) residential units in this Development are "Assisted Units" as defined herein.
- b. "Eligible Households" means Extremely Low-Income Households as defined in subdivision (j) of section 3 below.

- c. "Fiscal Integrity" means that the total of Operating Income plus funds released pursuant to this Agreement from the operating reserve account is sufficient to (1) pay all current Operating Expenses, (2) pay all current approved debt service, (3) fully fund all reserves pursuant to section 19, and (4) pay other extraordinary costs permitted by this Agreement. The ability to pay any or all of the annual permitted distributions shall not be considered in determining fiscal integrity.
- d. "HOME Rents" means rents calculated annually by the federal Department of Housing and Urban Development ("HUD") and are either the lesser of the Fair Market Rents, as that term is defined and published annually by HUD, or thirty percent (30%) of thirty percent (30%) of area median income ("Extremely low HOME Rents").
- e. "Initial Operating Year" means the first year of operation, or portion thereof, of the newly constructed rental housing Development beginning at the time of initial occupancy of an Assisted Unit and ending on the last day of the fiscal year of the Development.
- f. "Operating Expenses" means the amount approved by the City that is necessary to pay for the essential recurring expenses of the Development, such as utilities, maintenance, management, taxes, licenses, and the cost of on-site supportive services coordination, but not including debt service, required reserve account deposits, or other supportive services costs.
- g. "Operating Income" means all income generated in connection with operation of the rental housing development including rental income from Assisted and non-Assisted Units, rental income from commercial space, laundry and equipment rental fees, rental subsidy payments, and interest on any accounts other than approved reserve accounts related to the rental housing development. "Operating Income" does not include security and equipment deposits, payments to the Borrower for supportive services (except for funds applied towards the cost of on-site supportive service coordination), or tax benefits received by the Borrower.
- h. "Rent" means all charges, other than deposits, paid by the tenant for the use and occupancy of an Assisted Unit and any mandatory charge for direct or supportive tenant services in a rental housing development, including a utility allowance in an amount determined by the City of Roseville.
- i. "Residual Receipts" means project funds remaining after payment of expenses as described in items 1 through 5 of section 20 (b) of this Agreement.
- j. "Extremely Low-Income Household" means Eligible Households whose income is thirty percent (30%) or less of the area median income as determined by HUD.

4. Compliance with Program Requirements.

- a. The Borrower agrees that at all times its acts regarding the Development and the

use of funds provided herein shall be in conformity with all provisions of the HOME Program including the statutes, the HOME Regulations and such policies and procedures of the City and of HUD pertaining thereto. The Borrower acknowledges that it is familiar with such applicable provisions and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to fully comply with such provisions.

- b. The financial assistance provided under the HOME Program is governed by 24 CFR Part 92. With respect to the assistance, Borrower agrees to comply with all requirements and obligations as described in 24 CFR Part 92, as well as all provisions governing the use of HOME funds. Borrower agrees to comply with the directives of the State of California Department of Housing and Community Development ("HCD") as necessary to ensure compliance with the obligations of HCD as set forth in its agreements with HUD regarding the use of HOME funds.
5. Term of Agreement. The term of this Agreement shall commence upon its recordation in the office of the Placer County Recorder, in which county the Property and the Development is located, and shall remain in full force and effect and shall apply to the Property and the Development for fifty-five (55) years after the date Borrower obtains a Certificate of Occupancy from the City of Roseville for the Project, regardless of any prepayment of the HOME Loan or sale, assignment, transfer or conveyance of the Development and/or the Property, unless terminated earlier by the City pursuant to the terms of this Agreement or extended by the mutual consent of the Parties thereto. This Agreement shall remain and continue without regard to the term of any mortgage or the transfer of the Property ownership, other than by foreclosure or deed in lieu of foreclosure.
6. Marketing Plan
 - a. Borrower shall prepare and implement a Marketing Plan, subject to prior approval by the City, that specifies how the Borrower intends to market the project to prospective tenants in the Project's market area. The Marketing Plan shall specifically address how the Borrower intends to market the Project to underserved populations in Project market area and the frequency of marketing efforts. The City agrees that the Borrower may utilize the HUD 935.2 Affirmative Fair Housing Marketing Plan for these purposes.
 - b. Borrower agrees to evaluate the effectiveness of the Marketing Plan in reaching underserved populations on an annual basis and to revise it as necessary to better reach underserved populations that are not being reached. The revised Marketing Plan shall be submitted to the City for approval prior to implementation.
7. Assisted Unit Schedule. Upon occupancy following the completion of construction and for the term of this Agreement, the Borrower shall rent Assisted Units only in accordance with the Schedule of Assisted Units set forth in **Exhibit B**, attached hereto and incorporated herein.
 - a. Assisted Unit Standards. For the full term of this Agreement, the number, size, type, and amenity level of Assisted Units shall not be fewer than the number nor different from the size, type and amenity level described in **Exhibit B**.

8. Tenant Selection Standards.

- a. All of the Assisted Units must be rented to Extremely Low-Income Households.
- b. Borrower shall rent vacant Assisted Units in the Development only to eligible households in accordance with a Management Plan approved by the City. Such Management Plan may be periodically altered and such alteration must be submitted to and approved by the City prior to use. The Management Plan shall include:
 - (1) Reasonable criteria for selection or rejection of tenant applications which shall not discriminate in violation of any federal, state or local law governing discrimination (except to the extent necessary to qualify the tenant as a senior citizen), or any other arbitrary factor.
 - (2) Prohibition of local residency requirements;
 - (3) Prohibition of local residency preferences, except where accompanied by an equal preference for employment in the local area and applied to areas not smaller than municipal jurisdictions or recognized communities within unincorporated areas;
 - (4) Tenant selection procedures that include the following components, and that are available to prospective tenants upon request:
 - (A) Selection of tenants based on order of application, lottery or other reasonable method approved by the City;
 - (B) Notification to tenant applicants of eligibility for residency and, based on turnover history for Assisted Units in the Development, the approximate date when an Assisted Unit may be available;
 - (C) Notification of tenant applicants who are found ineligible to occupy an Assisted Unit of their ineligibility and the reason for the ineligibility, and of their right to appeal this determination;
 - (D) Maintenance of a waiting list of applicant households eligible to occupy Assisted Units and non-Assisted Units designated for various tenant income levels, which shall be made available to prospective tenants upon request;
 - (E) Targeting specific special needs populations in accordance with this Agreement and applicable laws; and
 - (F) Affirmative fair housing marketing procedures as specified in the Affirmative Fair Housing Marketing Plan Compliance Regulations of HUD, 24 CFR Part 200.620(a)-(c), or similar affirmative fair marketing housing plan as approved by the City.

- c. Borrower shall rent vacant Assisted Units to households with no less than the number of people specified in the following schedule:

<u>Unit Size</u>	<u>Minimum Number of Persons in Household</u>
Studio	1

9. Nondiscrimination. Borrower shall not discriminate against any tenant or prospective tenant on the basis of race, religion, sex, age (except to the extent necessary to qualify the tenant as a senior citizen), disability, marital status, or any other arbitrary factor in violation of any state, federal or local law governing discrimination in rental housing. Housing which is intended to benefit, and is therefore limited to senior citizens, is permitted only with the prior approval of the selection criteria by the City.
10. Assurance of Compliance with the "Violence Against Women Reauthorization Act of 2022" (VAWA) (S.3623 - 117th Congress (2021-2022) (as amended or reauthorized) Title VI - Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking – Sec. 601-606. See also 81 FR 80803, November 16, 2016 and 24 CFR 92.359.

VAWA provides housing protections for survivors of domestic and dating violence, sexual assault, and stalking when it comes to finding and keeping a home, they can feel safe in. VAWA applies for all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistently with all nondiscrimination and fair housing requirements.

VAWA now expands housing protections to HUD programs beyond HUD's public housing program and HUD's tenant-based and project-based Section 8 programs. VAWA now provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking. During the performance of this Agreement, the HOME Recipient shall ensure that all requirements of VAWA are complied with, including but not limited to:

- A. Domestic Violence survivors are not denied assistance as an applicant, or evicted or have assistance terminated as a tenant, because the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, and stalking.
- B. It will implement an 'emergency transfer plan', which allows for domestic violence survivors to move to another safe and available unit if they fear for their life and safety.
- C. It will provide "Protections against denials, terminations, and evictions that directly result from being a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy."
- D. It will implement a 'Low-barrier certification process' where a domestic violence

survivor need only to self-certify in order to document the domestic violence, dating violence, sexual assault, or stalking, ensuring third party documentation does not cause a barrier in a survivor expressing their rights and receiving the protections needed to keep themselves safe.

11. Rental Agreement and Occupancy Procedures (the "Lease").

- a. All rental or occupancy agreements for Assisted Units shall be for a term of not less than one (1) year, unless by mutual agreement between the tenant and the Borrower.
- b. All rental or occupancy agreements are subject to City approval; and shall include:
 - (1) provisions requiring good cause for termination of tenancy;
 - (2) a provision requiring that the facts constituting the grounds for any eviction be set forth in the notice provided to the tenant pursuant to state law;
 - (3) notice of grievance procedures for hearing complaints of tenants and appeal of management action; and
 - (4) a requirement that the tenant annually recertify household income and size.
- c. The Borrower shall not terminate the tenancy or refuse to renew the lease of a tenant of an Assisted Unit except for serious or repeated violation of the terms and conditions of the Lease; for violation of applicable federal, state, or local law; for completion of the transitional housing tenancy period; or for other good cause.
- d. To terminate or refuse to renew tenancy, the Borrower must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of the tenancy.
- e. One or more of the following constitutes "good cause":
 - (1) failure by the tenant to maintain applicable eligibility requirements under the HOME Program or other eligibility requirements as approved by the City;
 - (2) material noncompliance by the tenant with the lease, including one or more substantial violations of the lease or habitual minor violations of the lease which:
 - (a) adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the leased premises and related Project facilities;

- (b) substantially interfere with the management, maintenance, or operation of the Development; or
 - (c) result from the failure or refusal to pay, in a timely fashion, Rent or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the 3-day notice period;
 - (3) material failure by the tenant to carry out obligations under federal, state or local law;
 - (4) subletting by the tenant of all or any portion of the Assisted Unit; or
 - (5) any other action or conduct of the tenant constituting significant problems which can be reasonably resolved only by eviction of the tenant, provided that the Borrower has previously notified the tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a tenant, after written notice, to accept reasonable rules or any reasonable changes in the lease or the refusal to recertify income or household size; or
- f. The Lease may not contain any of the following provisions:
- (1) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the Borrower or Borrower's agent in a lawsuit brought in connection with the lease;
 - (2) Agreement by the tenant that the Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The Borrower may dispose of this personal property in accordance with state law;
 - (3) Agreement by the tenant not to hold the Borrower or Borrower's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - (4) Agreement of the tenant that the Borrower or Borrower's agent may institute a lawsuit without notice to the tenant;
 - (5) Agreement by the tenant that the Borrower or Borrower's agent may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
 - (6) Agreement by the tenant to waive any right to a trial by jury;

- (7) Agreement by the tenant to waive tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
 - (8) Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- g. The Borrower shall establish reasonable rules of conduct and occupancy. Such rules shall be consistent with state law and the HOME Regulations. Said rules shall be in writing and shall be given to each tenant upon occupancy. Any change shall become effective no fewer than thirty (30) days after giving written notice thereof to each household.
- h. The Borrower shall adopt an appeal and grievance procedure to resolve grievances filed by tenants and appeals of actions taken by Borrower with respect to tenants' occupancy in the Development, and prospective tenants' applications for occupancy. The Borrower's appeal and grievance procedure shall be subject to City approval and, at a minimum, shall include the following:
- (1) a requirement for delivery to each tenant and applicant of a written copy of the appeal and grievance procedure;
 - (2) procedures for informal dispute resolution;
 - (3) a right to a hearing before an impartial body, which shall consist of one or more persons with the power to render a final decision on the appeal or grievance; and
 - (4) procedures for the conduct of an appeal or grievance hearing and the appointment of an impartial hearing body.

12. Rents.

a. Period of Affordability.

(1) During the Period of Affordability, one hundred percent (100%) of HOME-assisted units must be occupied by households earning no more than thirty percent (30%) of area median income, at initial occupancy, as established by HUD at rent levels consistent with 24 CFR 92.252, as amended, unless this requirement is superseded by the statutory requirements of other state or federal funding sources.

b. For Assisted Units receiving project-based rental assistance, pursuant to 24 CFR Part 92.252(b) (2), rents shall not exceed the amount allowable under the Federal or State project-based rental subsidy program.

c. If the Assisted Units are designated as fixed units pursuant to 24 CFR Part 92.252(j) in **Exhibit B**, then any household certified as an Eligible

Household upon occupancy but whose income increases above the eligibility level must pay as Rent the lesser of the amount payable by the tenant under state or local law or thirty percent (30%) of the household's adjusted monthly income for rent and utilities; except that the Rent may equal the market rent for comparable, unassisted units in the neighborhood.

13. Rent Limitations.

Rents of HOME-assisted units shall not exceed the LOW and HIGH HOME rents allowed under 24 CFR 92.252, as amended, except as noted below.

- a. In a project with 5 or more HOME-assisted units, a minimum of twenty percent (20%) of all HOME-assisted units shall be occupied by Very Low-Income households with rents not exceeding LOW HOME rents, except as noted in b. below.
- b. HOME-assisted units receiving state or federal project-based rental subsidies may exceed HIGH or LOW HOME rents if the household qualifies to reside in the unit based on income and household size and the tenant-based portion of the rent does not exceed thirty percent (30%) of the household's adjusted income. The HOME-assisted unit's maximum rent (tenant contribution and project-based rental subsidy) becomes the rent allowable under the state or federal project-based subsidy.
- c. If the HOME-assisted units are designated as "Floating" units in Section 1 above, any household certified as an Eligible Household upon occupancy but whose income increases above the eligibility level must pay rent the lesser of the amount payable by the tenant under state or local law or thirty percent (30%) of the household's adjusted monthly income for rent and utilities; except that the rent may not exceed the market rent for comparable, unassisted units in the neighborhood.
- d. If the HOME-assisted units are designated as "Fixed" units in Section 1 above, any household certified as an Eligible Household upon occupancy but whose income increases above the eligibility level must pay rent the lesser of the amount payable by the tenant under state or local law or thirty percent (30%) of the household's adjusted monthly income for rent and utilities; except that the rent may equal the market rent for comparable, unassisted units in the neighborhood.

14. Security Deposits.

- a. Security deposits shall be required of tenants only in accordance with state law and this Agreement.
- b. Any security deposits collected by the Borrower or Borrower's agent shall be kept separate and apart from all other funds of the Development in a trust account with a depository insured by the Federal Deposit Insurance Corporation (F.D.I.C.), or other comparable federal deposit insurance program, and shall be

held and disbursed in accordance with State law. The balance of such account shall at all times equal or exceed the aggregate of all outstanding obligations under said account, plus accrued interest thereon.

15. Certification of Tenant Income and Household Size.

- a. The income and household size of all households occupying Assisted Units shall be certified by the Borrower prior to occupancy and recertified annually thereafter in a manner approved by the City and specified in the Development's Management Plan.
- b. If the income of a tenant upon recertification exceeds the upper limit for Extremely Low-Income Households, and there are no other requirements statutorily imposed by another federal or state funding source or tax credit program, that tenant shall not have his or her Lease terminated as a result thereof, but shall be charged rents as provided in section 10.
- c. Where a tenant occupying a unit designated for occupancy by an Extremely Low-Income household no longer qualifies to reside therein at re-certification, but qualifies as an otherwise eligible household, the rent level appropriate for that income level shall be charged pursuant to Section 12.

16. Maintenance and Management.

- a. Borrower is specifically responsible for all maintenance, repair, and management functions for the Development, including without limitation, selection of tenants, recertification of household income and size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower shall maintain units and common areas in a safe and sanitary manner in accordance with local health, building, and housing codes, HUD housing quality standards pursuant to 24 CFR Section 882.109, and the Management Plan described above.
- b. Borrower may, with the prior written approval of the City, contract with a management agent for the performance of the services or duties required in paragraph a, above. However, such an arrangement does not relieve the Borrower of responsibility for proper performance of these duties. Such contract shall contain a provision allowing the Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. Upon a determination by the City, and notice to the Borrower thereof that the contractor and the Management Plan has failed to operate the Development in accordance with this Agreement, the Borrower shall exercise such right of termination forthwith and shall make immediate arrangements, which shall be subject to City approval, for continuing performance of the requirements of this Agreement.
- c. Borrower may operate the Development itself only with prior written approval of the City. Upon a determination by the City, and notice to the Borrower thereof, that the Borrower has failed to operate the Development in accordance with this Agreement, the City may require the Borrower to contract with a management

agent to operate the Development, or to make such other arrangements as the City deems necessary to ensure performance of the requirements of this Agreement.

17. Hazard and Liability Insurance.

- a. The Borrower shall at all times keep the Development insured against loss by fire, flood (as required pursuant to 24 CFR 92.358), and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as may be approved by City, provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to the City. Property insurance policies shall name the City as an additional loss payee and liability insurance policies shall name the City as additionally insured, as approved by the City. All premiums shall be paid by Borrower.
- b. Insurance proceeds and condemnation awards for any loss to or taking of the Development, or any portion thereof, shall be applied or utilized by Borrower as provided in the Deed of Trust executed by Borrower and referred to in the Recitals hereof.

18. Annual Report. The Borrower shall file with the City an annual report no later than sixty (60) days after the end of each fiscal year as established for the Development pursuant to section 19(a) of this Agreement. The report shall contain a certification by the Borrower as to such information as the City may then require including, but not limited to, the following:

- a. The fiscal condition of the Development, including a financial statement for the previous fiscal year that includes a balance sheet and a profit and loss statement indicating any surplus or deficit in operating accounts; a detailed itemized listing of income and expenses; the amounts of any fiscal reserves and the total amount of Residual Receipts received. Such financial statement shall be prepared in accordance with the requirements of the City and HUD. The City may require that the financial statement be audited at the Borrower's expense by an independent certified public accountant acceptable to the City or other person designated by the City.
- b. The substantial physical defects in the Project, including a description of any major repair or maintenance work undertaken or needed in the previous and current fiscal years. Such statement shall describe what steps the Borrower has taken in order to maintain the Project in a safe and sanitary condition in accordance with applicable housing and building codes.
- c. The occupancy of the Development indicating:
 - (1) the verified income of each current household; and
 - (2) the current rents charged each household and whether these rents include utilities.

- d. General management performance, including tenant relations and other relevant information.
- e. A summary of the information received from the recertification of tenants' incomes.
- f. Evidence of a currently paid hazard and flood insurance policy, with loss payable to the City as required by Section 16.
- g. Evidence of a currently paid liability insurance policy, naming the City as an additional loss payee as required by Section 16.
- h. Other information reasonably required by the City and HUD.

19. Document Review and Inspections.

- a. Upon not less than forty-eight (48) hours' notice to the Borrower, the City or its designee may, at any time during the term of the HOME Loan, enter and inspect the physical premises and inspect all accounting records pertaining to the construction or operation of the Development. Upon request by the City, the Borrower shall notify occupants of upcoming inspections of their units in accordance with State law.
- b. The City may perform or cause to be performed audits of any and all phases of the Borrower's activities related to the Development. At the City's request, the Borrower shall provide, at its own expense, an audit of the financial condition of the project certified by an independent certified public accountant, but only in the event and at such time as HUD is no longer conducting annual audits and providing copies of audit reports to City.
- c. The City may request any other information that it deems necessary to monitor compliance with requirements set forth in this Agreement and the HOME Standard Agreement. Such information shall be promptly provided by the Borrower.
- d. Commencing one (1) year after the date of the final Certificate of Occupancy for the Project and annually thereafter, Borrower shall pay to the CITY, not later than March 31 of each year, a tenant monitoring fee equal to forty dollars (\$40) for each occupied, rent restricted, apartment unit within the Project. A penalty of ten percent (10%) per month shall be assessed against any fee not paid when due.

20. Annual Operating Budget.

- a. The fiscal year for the Development shall commence on January 1st and conclude on December 31st.
- b. No later than sixty (60) days prior to the beginning of each subsequent fiscal year of the Development, the Borrower shall submit to the City a proposed annual

operating budget on a form provided by the City. The proposed annual operating budget shall set forth the Borrower's estimate of the Development's income, operating expenses and debt service for the upcoming year, reserves, proposed rent adjustments, and a year-to-date operating statement. Annual operating budgets and rent adjustments are subject to approval by the City.

- c. Annual operating budgets are subject to written approval by the City. Increases of five percent (5%) or less in the total operating budget and increases in specific operating expense categories (i.e. renting expenses, administrative expenses, utility expenses, operations and maintenance expenses, taxes and insurance expenses) of five percent (5%) or less shall be deemed approved by the City. Borrower shall operate the Development in accordance with the approved annual budget.
- d. Annual rent adjustments are subject to written approval by the City. For projects approved by the City using Low HOME rents less a utility allowance, rent increases which do not exceed the upper limits for low HOME rents shall be deemed approved by the City. For projects approved by the City using rents below low HOME rents, rent increases which do not exceed the most recently published annual average percentage change in the United States City of Labor, Bureau of Labor Statistics Consumer Price Index, Residential Rent for All Urban Consumers for the West (CPI) shall be deemed approved by the City. In the event this particular CPI index is no longer published, the City shall select a similar index for this purpose.
- e. Borrower shall operate the Development in accordance with the First-Year Operating Budget approved by and on file with the City. Such budget shall show all anticipated income, debt service and expenses for management, operations, reserves and maintenance for the first fiscal year or portion thereof following initial occupancy.

21. Required Reserves.

- a. Replacement Reserve. Reserves for replacement shall be in accordance with HOME Program regulations and as required by the Senior Lender. Reserves shall be established and funded by Borrower in the minimum amount of \$3,458.33 per month, and maintained continuously. Commencing no later than the end of the second month following the initial occupancy of the Development or such other date as the City shall designate in writing, the Borrower shall establish a segregated interest-bearing replacement reserve account in an F.D.I.C. or other comparable federally-insured financial institution. Funds from the replacement reserve are to be used for defraying the cost of infrequent major repairs, and replacement of building components that are too costly to be absorbed by the Development's annual operating budget.

- (1) Withdrawals shall only be made for capital improvements, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Development which are reasonably required to preserve the

Property.

- (3) The replacement reserve shall be funded from Operating Income or a combination of Operating Income and development sources as required by California Code of Regulations, Title 25, section 8309. The City may periodically adjust the amount of required deposits to the replacement reserve for the Development based on the results of reserve studies or other reliable indicators of the need for replacement reserve funds over time.

b. Operating Reserve. Commencing no later than the end of the second month following the initial occupancy of the Development, or such other date as the City shall designate in writing, the Borrower shall establish an operating reserve account or subaccount within the project's general operating account in an amount required by California Code of Regulations, Title 25, section 8308.

- (1) Funds from the operating reserve shall be used for defraying operating shortfalls arising from unforeseen circumstances beyond the rent-up period.
- (2) Borrower shall fully replace any withdrawals from the operating reserve using available cash flow prior to use of any cash flow to pay deferred developer fee, asset management, partnership management or similar fees, or distributions.
- (3) Upon occurrence of both of the following events, the City may reduce the required minimum balance: (i) operation at a debt service coverage ratio of 1.15 or greater for five (5) years; and (ii) operation at an Operating Expense coverage ratio of 1.08, where Operating Expense ratio is defined to equal effective gross income, less required replacement reserve deposits and non-contingent debt service, divided by total Operating Expenses, not including the approved cost of supportive services coordination.
- (4) Where all development funding sources are legally precluded from using their funds to capitalize the operating reserve as required by California Code of Regulations, Title 25, section 8309, the operating reserve may be funded from Operating Income, provided that cash flow is sufficient to reasonably ensure that the required balance can be accumulated within six years of initial occupancy.

22. Recordkeeping and Reports.

- a. Accounting Records. In a manner subject to City approval, Borrower shall maintain on an accrual or modified accrual basis, a general ledger accounting system that is posted monthly and that accurately and fully shows all assets, liabilities, income and expenses of the Development. All records and books relating to this system shall be kept for a period of at least seven years and in

such a manner as to ensure that the records are reasonably protected from destruction or tampering. All records shall be subject to City inspection and audit.

- c. Other Records and Reports. The management agent designated by Borrower, and as approved by the City, will be responsible for recordkeeping and reports, including those required to comply with Fair Housing and Equal Opportunity requirements. The management agent will establish and maintain a comprehensive system of records, books, accounts in a manner conforming to the directives of the Borrower in order to assist the City in meeting federal and state recordkeeping and reporting requirements. All records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of the City.

23. Use of Income from Operations.

- a. The Borrower, or Borrower's management agent, shall promptly deposit all Operating Income in a segregated account established exclusively for the Development with an F.D.I.C. or other comparable federally-insured financial institution.
- b. Withdrawals from the account shall be made only in accordance with the provisions of this Agreement, and the approved budget, and shall be disbursed, applied, or reserved and set aside for payment when due, in the following priority, to the extent available: (1) salaries, wages, and any other compensation due and payable to the employees or agents of the Borrower employed on site in connection with the maintenance, administration or operation of the Development, along with all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required in connection with such employees; (2) all charges incurred in the operation of the Development in connection with utilities, real estate taxes and assessments, and liability, fire and other hazard insurance; (3) payments of required interest, principal, impounds, fees and charges, if any, on loans other than the HOME Loan which are secured by liens on the Property and which have been approved by the City; (4) all other expenses incurred to cover operating costs, including the fee of the managing agent and any extraordinary expenses, in accordance with the approved annual operating budget of the Development or as otherwise approved in advance by the City; (5) deposits to required operating and replacement reserve accounts, if applicable.
- c. The balance of Operating Income remaining after the payments described in section 21(b), above, shall be deemed Residual Receipts to be paid and applied as provided in section 23, below.

24. Non-Assisted Units and Common Areas.

- a. Borrower shall establish and implement a rent structure for the non-Assisted residential unit which ensures the fiscal integrity of the Development. Borrower shall estimate all income and expenses attributable to the non-Assisted unit in the annual operating budget described in section 17, above, and shall report all

income and expenses attributable to the non-Assisted unit in the Annual Report described in Section 15, above.

- b. Borrower shall maintain and repair both Assisted and non-Assisted units equally without regard to their designation as Assisted or non-Assisted.
- c. Tenant selection practices for non-Assisted units shall comply with state and federal nondiscrimination laws.
- d. The exterior walls, windows, lighting, walkways, mailboxes, landscaping, nonresidential space, and other common areas of the Development shall be safe, clean, well maintained, and in good working order.

25. Residual Receipts and Distributions.

- a. The provisions of this section shall apply only at such time as HUD no longer regulates the Development in connection with funding or subsidies for the Development.
- b. Residual Receipts shall be applied in the following priority order:
 - (1) First, towards payment of any:
 - (a) Approved deferred developer fee, pursuant to California Code of Regulations, Title 25, section 8312; and
 - (b) Asset management, partnership management and similar fees, including fees paid to investors, in an amount not to exceed the sum of:
 - i. An amount for the current, equal to \$30,000 for 2016 and increased at the rate of 3.5% for each subsequent year, plus
 - ii. Unpaid asset management, partnership management, and similar fees accrued for a period not to exceed three project fiscal years following the year during which they are earned, up to the difference between the limit for the year and the amount paid for that year.
 - (2) Second, fifty percent (50%) to the Borrower as distributions ("Distributions") and fifty percent (50%) to the (City) as payment on the HOME Loan.
 - (a) If the terms of other public agencies' financing also require payments from remaining cash flow, the City may agree to share what would otherwise be its fifty percent (50%) share of available cash flow with the public agencies in amounts proportional to the agencies' respective loan amounts.

- (b) To be consistent with the terms of other public agency loans, the City may agree to set the percentage payable to the Borrower at an amount less than fifty percent (50%).
 - (c) For projects with income from project-based Section 8 or similar project-based rental assistance that is not underwritten by other Development lenders, the City may reduce the Borrower's share to an amount equivalent to the amount they would receive if one of the other lender's loan amount was based on an income stream that included the income from the rental assistance.
- c. A Borrower may not accumulate Distributions from year to year. A Borrower may deposit all or a portion of permitted Distributions into a Development account for disbursement in subsequent years. These future disbursements shall not reduce the otherwise permitted Distribution in those subsequent years. Borrower shall receive Distributions only once for each fiscal year.
- d. Payment of Distributions, deferred developer fee, asset management fees, partnership management and similar fees shall be permitted only after the Borrower submits a complete annual report and operating budget and the City determines that the report and budget demonstrate compliance with all Program requirements for the applicable year. Circumstances under which no Distributions, deferred developer fee, asset management fees or partnership management and similar fees shall be paid include:
 - (1) When written notice of default has been issued by any entity with an equitable or beneficial interest in the Development;
 - (2) When the City determines that the Borrower has failed to comply with the City's written notice of any reasonable requirement for proper maintenance or operation of the Development or use of Development income;
 - (3) If all currently required debt service and Operating Expenses have not been paid;
 - (4) If the replacement reserve account, operating reserve account, or any other reserve accounts are not fully funded pursuant to section 19, above.
- e. Distributions attributed to income from the non-Assisted unit shall not be subject to limits pursuant to this section.

26. Restrictions on Sale, Encumbrance, and Other Acts.

- a. The Borrower shall not make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer in any other form of the Property or the Development or of any of its interest therein, except with the prior

written approval of the City.

- b. Other than routine maintenance, the Borrower shall not add to, remodel, remove, reconstruct, or demolish any part of the Development without the prior written approval of the City.
- c. The Borrower shall not permit the use of the Development for any purpose other than that permitted by this Agreement without the prior written approval of the City.
- d. The Borrower shall not incur any liability or obligation in connection with the Development, other than for current operating, management and maintenance costs and for the indebtedness evidenced by the Note nor incur any liability, charge, assessment, or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Property or the Development, without the prior written approval of the City. The City may permit refinancing or additional financing secured by the Development only to the extent necessary to maintain or improve the Development's fiscal integrity, improve financial condition, or to maintain affordable rents.
- e. The Borrower shall not enter into any contract relating to rehabilitating or managing the Development, except as authorized by the City.
- f. Borrower shall not enter into any Lease for more than a single rental unit, ground lease of the Development or any interest therein without prior written City approval. The City may require that such lease allow for termination within thirty (30) days upon request by the City.
- g. If the Borrower is a partnership, it shall not discharge or replace any general partner or amend, modify or add to its partnership agreement without prior written City approval, except that it may transfer or sell limited partnership interests without such approval.
- h. The City may approve a sale, transfer or conveyance, in its sole discretion, provided that all of the following conditions are met:
 - (1) the existing Borrower is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement;
 - (2) the successor-in-interest to the Borrower agrees to assume all obligations of the existing Borrower pursuant to this Agreement and the Program, and meets any requirements which may be in existence under the applicable regulations;
 - (3) the successor-in-interest demonstrates to the City's satisfaction that it can own and operate the Development in full compliance with all Program requirements; and

- (4) any terms of the sale, transfer or conveyance shall not threaten the City's security or the successor's ability to comply with all requirements of the HOME Program and this Agreement.
- i. If at all, and in its sole discretion, the City may condition any approval for a sale, transfer or conveyance subject to any such terms and conditions as may be necessary to preserve or establish the Fiscal Integrity of the Development and to ensure compliance with HOME Program requirements and this Agreement. Such conditions may include the deposit of sales proceeds, or a portion thereof, to maintain required reserves or to offset negative cash flow, the recapture of syndication proceeds or other funds such other conditions as may be necessary to ensure compliance with the Program requirements.

27. Violation of HOME Regulatory Agreement by Borrower.

- a. In the event of a breach or violation of the provisions of this Agreement, the City may give written notice to the Borrower thereof by certified mail or any express delivery service with a delivery receipt addressed to the Borrower at the address stated in this Agreement. If the breach or violation is not cured to the satisfaction of the City within the time period specified in the notice, which shall not be fewer than thirty (30) days, the City may declare a default and may seek legal remedies including the following:
 - (1) Collect all rents and income in connection with the operation of the Development and use the same and the reserve funds for the operation and maintenance of the Development.
 - (2) Take possession of the Development and bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Development, and operate the Development in accordance with the terms of this Agreement until such time as the City, in its sole discretion, shall determine that the Borrower is again in a position to operate the Development in accordance with the terms of this Agreement.
 - (3) Apply to any court, State or federal, for specific performance of this Agreement or for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement or for such other relief as may be appropriate. It is agreed by the Borrower that the injury to the City arising from a default under any of the terms of this Agreement would be irreparable and that the amount of compensation which would provide adequate relief to the City, in light of the purposes of the Program, would be impossible to ascertain.
 - (4) Accelerate all amounts, including outstanding principal and interest, due under the HOME Loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of the HOME Deed of Trust and State law regarding foreclosures.

However, in the event of a nonmonetary breach which cannot reasonably be cured within the time period set forth in such notice, the HOME Loan may not be accelerated hereunder if within said designated time period Borrower has given written notice to Lender of Borrower's intention to cure said breach, has commenced to cure such breach and has diligently prosecuted and effected such cure which shall be completed no later than sixty (60) days from the date notice of such breach is given.

- (5) The City may seek such other remedies as may be available under law.
 - b. In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the affected households.
 - c. The tenants of the Assisted Units shall be considered to be third-party beneficiaries of this Agreement, and shall have such rights and remedies to enforce the requirements of this Agreement as may be available to third-party beneficiaries under the law.
 - d. The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.
28. Foreclosure after Project Completion. The Borrower promises, covenants, warrants and represents that it shall complete the Project. Whether or not the Project is in fact completed shall be solely determined by the City. Should the Project in fact have been completed, then this Agreement shall terminate upon foreclosure or transfer in lieu of foreclosure, except that the Affordability restrictions shall be revived according to the original terms if, (a) during the original term and period of affordability, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or the Property, or if (b) the foreclosing entity or transferee in lieu of foreclosure assumes in writing and agrees to be bound by the terms of the HOME Agreement and the Loan Documents, as that term is defined in the HOME Agreement.
29. Superiority of HOME Regulatory Agreement. Except to the extent expressly provided herein, the Borrower covenants that the Borrower has not, and shall not, enter into or execute any other agreement with provisions contrary to the provisions of this Regulatory Agreement, or contrary to the intent of maintaining the affordability of the Property for the entire term of this Agreement.
30. Assignment of City Rights. The City retains the right at its sole discretion to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of Borrower's duties and obligations hereunder. In addition, the City may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

31. Amendment. This Agreement shall not be altered or amended except in writing, executed between or among all the Parties.
32. Partial Invalidity. If any provision of this Agreement 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.
33. Binding on Successors. This Agreement shall bind, and the benefits thereof shall inure to, the respective Parties hereto, their legal representatives, executors, administrators, successors in the office of interest, and assigns, provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.
34. Recording Agreement. This Agreement and all amendments thereto, shall be executed by each of the Parties. This Agreement, or memorandum thereof, shall be recorded against the subject Property in the official records of the County of Placer, in which the Development is situated.
35. Hold Harmless. Borrower and its successor in interest agree to indemnify, defend, and hold harmless the City and its respective officials, agents, employees and consultants from any and all claims, losses, liabilities or causes of action (including reasonable attorneys' fees) arising from or in connection with Borrower's management, maintenance or operation of the Development.
36. Waiver. No waiver by the City of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereto or default hereunder.
37. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.
38. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any litigation to enforce or interpret the terms of this Agreement shall be brought in Placer County, California.
39. Notice. Written notices and other written communications by and between the Parties hereto shall be addressed as set forth below unless and until a party hereto has, in writing, communicated a different address to the other party hereto.

CITY:

City of Roseville
316 Vernon Street, suite 150
Roseville, CA 95678
Attn: Housing Manager

BORROWER:

Advocates for Mentally Ill Housing Inc.
P.O. Box 5216
Auburn, CA 95604

40. Attorneys' Fees. The prevailing party in any action to enforce this Agreement, including the residents of Assisted Units, shall be entitled to reasonable attorneys' fees as determined by the trier of fact in that forum.
41. Special Conditions. The Borrower agrees to comply with the special conditions, if any, as set forth in **Exhibit C**, which is made a part hereof. In the event of any inconsistencies between the terms set forth in the **Exhibit C** Special Conditions of the HOME Regulatory Agreement and the terms of this Agreement, the terms of the Special Conditions shall prevail.
42. Counterparts. This Regulatory Agreement may be executed in counterparts, each of which shall be considered an original, and which together shall constitute a single instrument.
43. Incorporation. The following Exhibits, all attached hereto, are hereby incorporated into this Agreement:

Exhibit A: Legal Description
Exhibit B: Schedule of Assisted Units
Exhibit C: Special Conditions

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

BORROWER:

Advocates for Mentally Ill Housing, Inc., a California nonprofit public benefit corporation

By: 

Suzi deFosset

Its: President

By: 

Tom Drake

Its: Secretary

CITY:

CITY OF ROSEVILLE, a municipal
corporation

By: _____

Dominick Casey, City Manager

ATTEST:

By: _____
Carmen Avalos, City Clerk

APPROVED AS TO FORM

By: _____
Michelle Sheidenberger
City Attorney

APPROVED AS TO SUBSTANCE

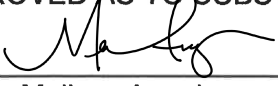
By:  _____
Melissa Anguiano
Economic Development Director

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

The land described herein is situated in the State of California, County of Placer, City of Roseville, described as follows:

PARCEL ONE:

A Portion Of The Southeast Quarter Of Section 1, Township 10 North, Range 6 East, More Particularly Described As Follows:

Beginning At A Bronze Capped Monument In Concrete (Marked Pac. Gas & Elect. Co. Prop. Cor.) In The Southeast Quarter Of Section 1, Township 10 North, Range 6 East, MDB & M, From Which The 6 Inch By 6 Inch Concrete Highway Monument Marking The Easterly Terminus Of The Course In The Boundary Line Of That Certain 18.60 Acre Parcel Of Land Described In The Deed From W.J. Doyle And Wife, To State Of California, Dated July 13, 1949 And Recorded In The Office Of The County Recorder Of Said County Of Placer In Book 555 Of Official Records, At Page 505, Which Course, According To The Description Contained In Said Deed To State Of California, Has A Bearing Of South 71° 26' 50" East And A Length Of 105.95 Feet Bears South 69° 24' 49" East, 233.78 Feet Distant And Running Thence North 0° 28' 20" East, Parallel With And Distant 20 Feet Easterly From (Measured At A Right Angle To) Pacific's Existing Pole And Wire Electric Transmission Line Erected Under And By Virtue Of The Deed From Clara B. Doyle To Pacific, Dated June 24, 1926 And Recorded In The Office Of The County Recorder Of Said County Of Placer In Book 224 Of Official Records, At Page 271, A Distance Of 245.00 Feet To A Bronze Capped Monument In Concrete (Marked Pac. Gas & Elect. Co. Prop. Cor.); Thence North 89° 31' 40" West, 240.00 Feet To A Bronze Capped Monument In Concrete (Marked Pac. Gas & Elect. Co. Prop. Cor.); Thence South 0° 28' 20" West 218.58 Feet To A Bronze Capped Monument In Concrete (Marked Pac. Gas & Elect. Co. Prop. Cor.) Set At A Point Distant 50 Feet Northerly From (Measured At A Right Angle To) The Northerly Boundary Line Of Said 18.60 Acre Parcel Of Land; Thence Parallel With And Distant 50 Feet Northerly From (Measured At Right Angle To) The Northerly Boundary Line Of Said 18.60 Acre Parcel Of Land, The Following Two Courses And Distances, Namely; South 83° 03' 10" East, 235.07 Feet To A Bronze Capped Monument In Concrete (Marked Pac. Gas & Elect. Co. Prop. Co.); And Thence North 89° 15' 50" East, 6.43 Feet, More Or Less, To The Point Of Beginning.

PARCEL TWO:

A Portion Of Section 1, Township 10 North, Range 6 East, MDB & M.

Said Portion Is All That Part Thereof Lying Within The Following Described Boundaries.

Beginning At The Northwest Corner Of That Certain Parcel Of Land Acquired By Deed Recorded April 5, 1955 In Book 672, At Page 38, Official Records Of Placer County; Thence From Said Point Of Beginning Along The Westerly Prolongation Of The Northerly Line Of Said Parcel North 89° 57' 41" West, 64.58 Feet; Thence Leaving The Westerly Prolongation Of Said Northerly Line South 12° 11' 56" East, 231.33 Feet To A Point Distant 119.28 Feet Northerly, Measured At A Right Angles From The "U" Line At Engineer's Station "U" 27+13.50 Of The Department Of Public Works' 1962 Survey On Road 03-Pla 80.Pm 1.8 (Formerly Road III-Pla-3, 1-Rv); Thence Along A Tangent Curve To The Left With A Radius Of 35 Feet, Through An Angle Of 76° 02' 00", A Distance Of 46.45 Feet; Thence South 88° 13' 56" East, 216.40 Feet; Thence North 1° 11' 14" West, 15.01 Feet To A Point On The Southerly Line Of Said Parcel; Thence Along Said Southerly Line North 83° 29' 11" West, 235.07 Feet To The Southwest Corner Of Said Parcel; Thence Along The Westerly Line Of Parcel North 00° 02' 19 East 218.58 Feet To The Point Of Beginning.

PARCEL THREE:

A Non-Exclusive Easement For The Ingress And Egress On, Over, Under And Across The Following Described Property:

A Portion Of The Southeast 1/4 Of Section 1, Township 10 North, Range 6 East, MDB & M, Described As:

Beginning At A Bronze-Capped Monument Set In Concrete Marked (Pac. Gas & Elect. Co. Prop. Cor.) Which Is The East Terminus Of The Course Described As "South 83° 03' 10" East, 235.07 Feet; Of That Certain Parcel Acquired By Deed Recorded April 5, 1955 In Book 672, At Page 38, Official Records Of Placer County; Thence From Said Point Of Beginning Along The Southerly Line Of Said Parcel North 88° 49' 49" East, 6.54 Feet To The Southeast Corner Of Said Parcel; Thence Along The Easterly Line Of Said Parcel North 00° 02' 19" East, 43.97 Feet; Thence Leaving Said Easterly Line North 88° 49' 09" East, 167.00 Feet ; Thence North 73° 05' 03" East, 118.00 Feet; Thence South 61° 44' 28" East, 85.45 Feet; Thence South 01° 10' 51" East, 40.00 Feet; Thence South 88° 49' 09" West, 81.54 Feet; Thence South 01° 10' 51 East 8.98 Feet; Thence South 88° 49' 09" West, 280 Feet To A Point Distant 80 Feet Northerly, Measured At Right Angles From The "U" Line At Engineer's Station "U" 29+60 Of The Department Of Public Works 1962 Survey On Road 03-Pla-80 P.M. 1.8 (Formerly Road III-Pla-3, 17-Rsv); Thence North 01° 11' 14" West, 15.01 Feet To The Point Of Beginning.

APN: 013-213-001-000

EXHIBIT B
SCHEDULE OF ASSISTED UNITS AND INITIAL RENT RESTRICTIONS

There are to be, at all times, **82** regulated units, 18 of which are assisted with HOME funds, and 8 of which are assisted with Housing Choice Voucher Project Based Vouchers in the Development. The HOME assisted units are designated as **floating**.

During the Period of Affordability:

- 100% of the regulated units must be rented to persons and families with incomes not in excess of thirty percent (30%) of area median incomes, at initial occupancy, unless there are other superseding requirements statutorily imposed by another federal or State funding source (HOME Regulatory Agreement, section 12(b)).
- Area median incomes are set by HUD and adjusted for family size. The below table shows project unit configuration and initial rent restrictions which are adjusted annually by the City of Roseville and Roseville Housing Authority.

Maximum Household Income 30% AMI – Project Based Vouchers

Bedroom size	Number of Units	Gross Rent	Less TCAC approved CUAC*	Allowable Contract Rent
Studio	8	\$1720	\$0	\$1720

Maximum Household Income 30% AMI

Bedroom size	Number of Units	Gross Rent	Less TCAC approved CUAC*	Allowable Contract Rent
Studio	74	\$620	\$0	\$620

EXHIBIT C
SPECIAL CONDITIONS

IN THE EVENT OF ANY INCONSISTENCIES OR CONFLICTS BETWEEN THESE SPECIAL CONDITIONS AND THE TERMS OF THIS AGREEMENT OR ANY OF THE OTHER CITY HOME LOAN DOCUMENTS, THE TERMS OF THESE SPECIAL CONDITIONS SHALL CONTROL.

1. Payments of asset management fees or organizational management fees are subject to City prior written approval through the annual budget approval process and may be paid prior to the determination of Residual Receipts in the City's sole discretion.

2. Exemption from Property Taxes: Borrower agrees to take all actions necessary to qualify the Development for the maximum exemption from property taxes pursuant to applicable provisions of section 214 of the Revenue and Taxation Code. Such actions may include, but are not limited to the following:

- a. Modifying, adding to or deleting from, the articles of the incorporation, by laws or organizational documents of Borrower.
- b. Applying for nonprofit, tax-exempt status to the appropriate state or federal agency.
- c. Providing the certifications and assurances required by section 214 of the Revenue and Taxation Code.
- d. Complying with the procedures and requirements imposed by local government agencies as a condition of receiving the property tax exemption.

3. Precedence of City HOME Loan Documents Governing Use of Operating Income: In addition to the other terms of this Agreement, the Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its organizational document, the terms of this Agreement and the HOME Program shall control as to the use of the funds provided under any applicable Development Agreement and all operating income from the Development.

4. Term of Agreement:

- a. Lien Duration: 55 years
- b. HOME Regulatory Agreement Termination Date: Fifty-five (55) years from the estimated initial occupancy date.

Initial Occupancy Date: May 15, 2025

5. Amortization Schedule

Loan Amount (pv) \$1,500,000
 Interest Rate (rate) 3.00%
 Total # of Periods (Nper) 55
 Function 39271
 Fund 2821
 Notes

Period	Due Date	Fiscal Year	Principal Outstanding	Interest	Accrued Interest	Balance
						\$1,500,000
0	1/1/2025	FY25	1,500,000.00	11,250.00	11,250.00	1,511,250.00
1	1/2/2026	FY26	1,500,000.00	45,000.00	56,250.00	1,556,250.00
2	1/2/2027	FY27	1,500,000.00	45,000.00	101,250.00	1,601,250.00
3	1/2/2028	FY28	1,500,000.00	45,000.00	146,250.00	1,646,250.00
4	1/1/2029	FY29	1,500,000.00	45,000.00	191,250.00	1,691,250.00
5	1/2/2030	FY30	1,500,000.00	45,000.00	236,250.00	1,736,250.00
6	1/2/2031	FY31	1,500,000.00	45,000.00	281,250.00	1,781,250.00
7	1/2/2032	FY32	1,500,000.00	45,000.00	326,250.00	1,826,250.00
8	1/1/2033	FY33	1,500,000.00	45,000.00	371,250.00	1,871,250.00
9	1/2/2034	FY34	1,500,000.00	45,000.00	416,250.00	1,916,250.00
10	1/2/2035	FY35	1,500,000.00	45,000.00	461,250.00	1,961,250.00
11	1/2/2036	FY36	1,500,000.00	45,000.00	506,250.00	2,006,250.00
12	1/1/2037	FY37	1,500,000.00	45,000.00	551,250.00	2,051,250.00
13	1/2/2038	FY38	1,500,000.00	45,000.00	596,250.00	2,096,250.00
14	1/2/2039	FY39	1,500,000.00	45,000.00	641,250.00	2,141,250.00
15	1/2/2040	FY40	1,500,000.00	45,000.00	686,250.00	2,186,250.00
16	1/1/2041	FY41	1,500,000.00	45,000.00	731,250.00	2,231,250.00
17	1/2/2042	FY42	1,500,000.00	45,000.00	776,250.00	2,276,250.00
18	1/2/2043	FY43	1,500,000.00	45,000.00	821,250.00	2,321,250.00
19	1/2/2044	FY44	1,500,000.00	45,000.00	866,250.00	2,366,250.00
20	1/1/2045	FY45	1,500,000.00	45,000.00	911,250.00	2,411,250.00
21	1/2/2046	FY46	1,500,000.00	45,000.00	956,250.00	2,456,250.00
22	1/2/2047	FY47	1,500,000.00	45,000.00	1,001,250.00	2,501,250.00
23	1/2/2048	FY48	1,500,000.00	45,000.00	1,046,250.00	2,546,250.00
24	1/1/2049	FY49	1,500,000.00	45,000.00	1,091,250.00	2,591,250.00
25	1/2/2050	FY50	1,500,000.00	45,000.00	1,136,250.00	2,636,250.00
26	1/2/2051	FY51	1,500,000.00	45,000.00	1,181,250.00	2,681,250.00
27	1/2/2052	FY52	1,500,000.00	45,000.00	1,226,250.00	2,726,250.00
28	1/1/2053	FY53	1,500,000.00	45,000.00	1,271,250.00	2,771,250.00
29	1/2/2054	FY54	1,500,000.00	45,000.00	1,316,250.00	2,816,250.00
30	1/2/2055	FY55	1,500,000.00	45,000.00	1,361,250.00	2,861,250.00
31	1/2/2056	FY56	1,500,000.00	45,000.00	1,406,250.00	2,906,250.00
32	1/1/2057	FY57	1,500,000.00	45,000.00	1,451,250.00	2,951,250.00

33	1/2/2058	FY58	1,500,000.00	45,000.00	1,496,250.00	2,996,250.00
34	1/2/2059	FY59	1,500,000.00	45,000.00	1,541,250.00	3,041,250.00
35	1/2/2060	FY60	1,500,000.00	45,000.00	1,586,250.00	3,086,250.00
36	1/1/2061	FY61	1,500,000.00	45,000.00	1,631,250.00	3,131,250.00
37	1/2/2062	FY62	1,500,000.00	45,000.00	1,676,250.00	3,176,250.00
38	1/2/2063	FY63	1,500,000.00	45,000.00	1,721,250.00	3,221,250.00
39	1/2/2064	FY64	1,500,000.00	45,000.00	1,766,250.00	3,266,250.00
40	1/1/2065	FY65	1,500,000.00	45,000.00	1,811,250.00	3,311,250.00
41	1/2/2066	FY66	1,500,000.00	45,000.00	1,856,250.00	3,356,250.00
42	1/2/2067	FY67	1,500,000.00	45,000.00	1,901,250.00	3,401,250.00
43	1/2/2068	FY68	1,500,000.00	45,000.00	1,946,250.00	3,446,250.00
44	1/1/2069	FY69	1,500,000.00	45,000.00	1,991,250.00	3,491,250.00
45	1/2/2070	FY70	1,500,000.00	45,000.00	2,036,250.00	3,536,250.00
46	1/2/2071	FY71	1,500,000.00	45,000.00	2,081,250.00	3,581,250.00
47	1/2/2072	FY72	1,500,000.00	45,000.00	2,126,250.00	3,626,250.00
48	1/1/2073	FY73	1,500,000.00	45,000.00	2,171,250.00	3,671,250.00
49	1/2/2074	FY74	1,500,000.00	45,000.00	2,216,250.00	3,716,250.00
50	1/2/2075	FY75	1,500,000.00	45,000.00	2,261,250.00	3,761,250.00
51	1/2/2076	FY76	1,500,000.00	45,000.00	2,306,250.00	3,806,250.00
52	1/1/2077	FY77	1,500,000.00	45,000.00	2,351,250.00	3,851,250.00
53	1/2/2078	FY78	1,500,000.00	45,000.00	2,396,250.00	3,896,250.00
54	1/2/2079	FY79	1,500,000.00	45,000.00	2,441,250.00	3,941,250.00
55	1/2/2080	FY80	1,500,000.00	33,750.00	2,475,000.00	3,975,000.00

ACKNOWLEDGMENT

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

State of California

County of Placer

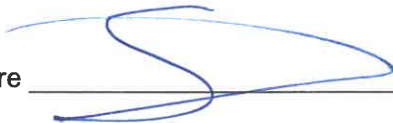
On 1/7/25 before me, S. Fairchild, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature



(Seal)

