



RESOLUTION No. 21-116

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION AUTHORIZING A LOAN TO AFFORDABLE HOUSING DEVELOPMENT CORPORATION THROUGH NEVADA CITY CASHIN'S FIELD, A LIMITED PARTNERSHIP IN THE AMOUNT OF \$1,575,000 TO BE USED FOR "CASHIN'S FIELD," A 51-UNIT LOW-INCOME MULTI-FAMILY HOUSING PROJECT AND AUTHORIZING AND DIRECTING THE AUDITOR-CONTROLLER TO MAKE TEMPORARY CASH ADVANCES FROM THE COUNTY GENERAL FUND TO THE WESTERN NEVADA COUNTY REGIONAL TRUST FUND ("WNCRHTF") FOR THE PURPOSE OF PAYING INVOICES RELATED TO THIS LOAN

WHEREAS, the Board of Supervisors established as a 2021 Board Objective to "Coordinate with local jurisdictions, developers and other partners to maximize leveraging opportunities with new state funding for affordable and workforce housing development"; and

WHEREAS, the Federal Low-Income Tax Credit program was established by the Tax Reform Act of 1986 to encourage the construction and rehabilitation of low-income rental housing, and the California Tax Credit Allocation Committee ("CTCAC") is responsible for allocating tax credits to owners of qualifying residential rental housing projects; and

WHEREAS, CTCAC encourages local government agencies to provide financial assistance to aid in the development and construction of low-income rental housing; and

WHEREAS, in 2018, Proposition 1 was approved by California voters and created Health and Safety Code Sections 50842.1, 50842.2, 50843.5 and Section 54006(f), which granted the California Department of Housing and Community Development ("Department") authority to provide matching grants to Local Housing Trust Funds to create a funding source to be used by local jurisdictions to increase the supply of affordable housing; and

WHEREAS, on July 14, 2020, this Board approved Resolution 20-316 entering into a contract with the City of Nevada City and the City of Grass Valley for the purpose of establishing the WNCRHTF, to be administered by the County, and jointly submitting an application for matching funds to the Department's Local Housing Trust Fund ("LHTF") program; and

WHEREAS, on February 3, 2021 Nevada County was notified of a successful LHTF matching funds award; and

WHEREAS, the County of Nevada conducted a Request for Proposals to identify and select a low-income multi-family housing project; and

WHEREAS, one proposal was received and reviewed by representatives from the City of Nevada City, the City of Grass Valley and the County of Nevada; and

WHEREAS, it is recommended the Board of Supervisors award RFP #1 to Affordable Housing Development Corporation through Nevada City Cashin's Field, a limited partnership, as developer of the proposed Cashin's Field, a 51-unit affordable workforce housing project located in the city limits of Nevada City, CA ("Project"); and

WHEREAS, the Project will further the public purpose and Nevada County Board of Supervisors' Objectives of addressing affordable housing needs within the County of Nevada while supporting the WNCRHTF objectives; and

WHEREAS, the State's LHTF Program is strictly reimbursement based and it is anticipated that due to the size of this loan and the time-sensitive nature of the project, that funding the project loan will exceed the available cash balance until State funds are received.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Supervisors of the County of Nevada authorizes the Health and Human Services Agency Director or his/her designees to sign the loan documents between the County of Nevada and Affordable Housing Development Corporation through Nevada City Cashin's Field, a limited partnership, in the amount of \$1,575,000 with a repayment term of fifty-five (55) years at an interest rate of 3% per annum, with loan repayments made from residual cash flow from the project payable back to the WNCRHTF.

BE IT FURTHER RESOLVED that the Auditor Controller is authorized to make temporary cash advances from the County General Fund, as necessary, to the WNCRHTF for the purpose of funding the loan in an amount not to exceed \$1,575,000. The General Fund shall be reimbursed without interest upon receipt of State funds.

BE IT FURTHER RESOLVED that the Health and Human Services Agency Director or his/her designees are authorized to sign any/all amendments to the Loan Agreement and/or other documents necessary to complete the loan transaction.

PASSED AND ADOPTED by the Board of Supervisors of the County of Nevada at a regular meeting of said Board, held on the 13th day of April, 2021, by the following vote of said Board:

Ayes: Supervisors Heidi Hall, Edward Scofield, Dan Miller, Susan K. Hoek and Hardy Bullock.

Noes: None.

Absent: None.

Abstain: None.

ATTEST:

JULIE PATTERSON HUNTER
Clerk of the Board of Supervisors

By: 


Dan Miller, Chair

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Nevada
Department of Child Support, Collections,
Housing and Community Services
Nevada County Health and Human Services Agency
950 Maidu Avenue
Nevada City, CA 95959
Attention: Director

This document is recorded at the request and for the benefit of the County of Nevada, and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103, 27383, and 27388.1

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(Cashin's Field)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated as of _____ 1, 2021 (the "Effective Date"), by and between the County of Nevada, a political subdivision of the State of California (the "County"), in its capacity as the administrator of the Western Nevada County Regional Housing Trust Fund ("WNCRHTF"), and Nevada City Cashin's Field, LP, a California limited partnership (the "Developer").

RECITALS

1. 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 the use of capitalized terms in these Recitals.
2. The Developer owns the Property. The Property is more particularly described in Exhibit A.
3. The County and the Developer have entered into the Loan Agreement in order for the County to provide the County Loan to the Developer for the construction of the Development.
4. The County has agreed to provide the County Loan to Developer on the condition that the Development be maintained and operated in accordance with the restrictions concerning affordability, operation, and maintenance of the Improvements, as specified in this Agreement.

5. In consideration of receipt of the County Loan and repayment terms substantially below market rate loans, the Developer has further agreed to observe all the terms and conditions set forth below.

6. In order to ensure that the Property will be used and operated in accordance with these conditions and restrictions, the County and Developer wish to enter into this Agreement.

THEREFORE, the County and Developer (each a "Party", and, collectively, the "Parties") hereby agree as follows.

ARTICLE 1. DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Actual Household Size" shall mean the actual number of persons in the applicable household.

(b) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household, as calculated in accordance with 25 California Code of Regulations Section 6914 or pursuant to a successor State housing program that utilizes a reasonably similar method of calculation of adjusted income. In the event that no such program exists, the County shall provide the Developer with a reasonably similar method of calculation of adjusted income as provided in said Section 6914.

(c) "Agreement" shall mean this Regulatory Agreement and Declaration of Restrictive Covenants.

(d) "Annual Monitoring Payment" means the payment in the initial amount of Three Thousand Dollars (\$3,000), as increased in accordance with Section 3.6.

(e) "Assumed Household Size" shall have the meaning set forth in Section 2.2.

(f) "Business Day" shall mean a day of the week on which the County is open to the public for carrying on substantially all business functions of the County. In no event shall a Saturday, Sunday, or any legal holiday in the State of California be considered a Business Day.

(g) "County" shall mean the County of Nevada, a political subdivision of the State of California, acting in its capacity as the administrator of the WNCRHTF.

(h) "County Loan" shall mean all funds loaned to Developer pursuant to the Loan Agreement.

(i) "County Note" shall mean the promissory note from the Developer to the County evidencing all or any part of the County Loan.

(j) "Deed of Trust" shall mean the deed of trust in favor of the County recorded against the Property which secures repayment of the County Loan and performance of this Agreement.

(k) "Developer" shall mean Nevada City Cashin's Field, LP, a California limited partnership, and its successors and assigns as permitted by this Agreement.

(l) "Development" shall mean the Property and the Improvements.

(m) "Extremely Low Income Household" shall mean a household with an Adjusted Income which does not exceed the qualifying limits for extremely low income families as established and amended from time to time by HUD and defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations, as published by HCD.

(n) "Extremely Low Income Rent" shall mean the maximum allowable rent for an Extremely Low Income Unit pursuant to Section 2.2 below.

(o) "Extremely Low Income Unit" shall mean the Units which, pursuant to Section 2.1 below, are required to be occupied by Extremely Low Income Households.

(p) "HCD" shall mean the State of California Department of Housing and Community Development.

(q) "HUD" shall mean the U.S. Department of Housing and Urban Development.

(r) "Improvements" shall mean the improvements to be constructed by the Developer on the Property, including the Units, and appurtenant landscaping and improvements.

(s) "Loan Agreement" shall mean that certain Construction and Permanent Loan Agreement by and between the County and the Developer, as may be amended or implemented from time to time.

(t) "Management Agent" shall mean the professional property management company retained by the Developer, in accordance with this Agreement, for the day-to-day operation of the Development. _____, is hereby approved as the initial Management Agent.

(u) "Median Income" shall mean the median gross yearly income adjusted for Actual Household Size or Assumed Household Size, as specified herein, in the County of Nevada, California, as published from time to time by HCD. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, the County shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD.

(v) "Official Records" shall mean the official records of the County of Nevada.

(w) "Other Income Household" shall mean a household with an Adjusted Income which does not exceed one hundred percent (100%) of Median Income, adjusted for Actual Household size.

(x) "Other Income Rent" shall mean the maximum allowable rent for an Other Income Unit pursuant to Section 2.2 below.

(y) "Other Income Unit" shall mean the Units which, pursuant to Section 2.1 below, are required to be occupied by Other Income Households.

(z) "Other Regulatory Agreement" shall mean, collectively, any use restriction, regulatory agreement, declaration of covenants, conditions, and restrictions, or similar document, recorded in the Official Records in favor of TCAC, or any other third-party, and restricting the Developer's use of the Property for affordable housing to income-eligible households.

(aa) "Property" shall mean the Developer's leasehold interest in the real property described in Exhibit A attached hereto and incorporated herein.

(bb) "Rent" shall mean the total of monthly payments by the tenants of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits; the cost of an adequate level of service for utilities paid by the tenant (as established by the Regional Housing Authority, or such other appropriate agency), including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not cable or telephone service; any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Developer, and paid by the Tenant.

(cc) "TCAC" shall mean the State of California Tax Credit Allocation Committee, or any successor.

(dd) "Tenant" shall mean a household occupying a Unit.

(ee) "Term" shall mean the term of this Agreement which shall commence on the Effective Date, and shall continue until the later of: (i) the fifty-seventh (57th) anniversary of the Effective Date, or (ii) the full repayment of all amounts owed under the County Note.

(ff) "Units" shall mean the fifty-one (51) rental units of multi-family housing, including one (1) manager's units, to be constructed by the Developer on the Property.

(gg) "Very Low Income Household" shall mean a household with an Adjusted Income that does not exceed the qualifying limits for very low income households, adjusted for Actual Household Size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by HCD.

(hh) "Very Low Income Rent" shall mean the maximum allowable rent for an Very Low Income Unit pursuant to Section 2.2 below.

(ii) "Very Low Income Unit" shall mean the Units which, pursuant to Section 2.1 below, are required to be occupied by Very Low Income Households

ARTICLE 2.
AFFORDABILITY COVENANTS

2.1 Occupancy Requirements. The Units shall be rented to and occupied by or, if vacant, available for occupancy by households as follows:

	Extremely Low Income Household	Very Low Income Household	Other Income Household	Total
One Bedroom Unit	1	1	9	11
Two Bedroom Unit	3	7	15	25
Three Bedroom Unit	2	10	2	14
Total	6	18	26	50

For the purposes of this Section only, the one (1) manager's unit shall not be included, and nothing in this Agreement shall be deemed to regulate or restrict the income of the occupants of the manager's units, or rent (if any) charged to such unit. Nothing in this Section shall be deemed to waive, limit, or impair the Developer's right to further restrict the Units to the extent required by any Other Regulatory Agreement.

2.2 Allowable Rent.

(a) Extremely Low Income Rent. Subject to Section 2.3 below, the Rent charged to Tenants of the Extremely Low Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

(b) Very Low Income Rent. Subject to Section 2.3 below, the Rent charged to Tenants of the Extremely Low Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income, adjusted for Assumed Household Size.

(c) Other Income Rent. Subject to Section 2.3 below, the Rent charged to Tenants of the Other Income Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of one hundred percent (100%) of Median Income, adjusted for Assumed Household Size.

(d) Assumed Household Size. In calculating the allowable Rent for the Units, the following Assumed Household Sizes shall be utilized, provided that if the Project is subject to an Other Regulatory Agreement that utilizes a different determination of household size, the Owner may utilize such other determination of household size:

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
One	2
Two	3
Three	4

(e) County Approval of Rents. Initial rents for all Units shall be approved by the County prior to occupancy. The Developer shall provide the County an annual written report setting forth the proposed annual rent increase, if any, for the subsequent year on such date mutually acceptable to the Parties. The County shall have fifteen (15) days following the receipt of such report to either approve or disapprove of such rent increase. Any disapproval shall state with reasonable specificity the basis for disapproval and permit Developer the opportunity to appeal or revise and resubmit the proposed annual rent increase for approval. The County shall approve such rent increase if such increase complies with the requirements of this Agreement. The County's failure to either approve or disapprove of such proposed rent increase within such fifteen (15) days shall be deemed approval. The foregoing notwithstanding, County approval shall not be required if the Developer provides the County written evidence, reasonably acceptable to the County, that the proposed rent increase is consistent with TCAC requirements.

2.3 Increased Income of Tenants.

(a) Extremely Low Income Household to Very Low Income Household. In the event, upon recertification of a Tenant's household's income, the Developer discovers that an Extremely Low Income Household no longer qualifies as an Extremely Low Income Household (but does qualify as a Very Low Income Household), such household's Unit shall continue to be considered an Extremely Low Income Household, and, upon expiration of the Tenant's lease, the Rent may be increased to one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income upon sixty (60) days written notice to the Tenant. Thereafter, such household shall be considered a Very Low Income Household, and the Developer shall rent the next available Unit to an Extremely Low Income Household, to comply with the requirements of Section 2.1 above.

(b) Extremely Low Income Household or Very Low Income Household to Other Income. In the event, upon recertification of a Tenant's household's income, the Developer discovers that an Extremely Low Income Household or Very Low Income Household no longer qualifies as an Extremely Low Income Household or Very Low Income Household (but does qualify as an Other Income Household), such household's Unit shall continue to be considered an Extremely Low Income Household or Very Low Income Household (as applicable), and, upon expiration of the Tenant's lease, the Rent may be increased to one-twelfth (1/12th) of thirty percent (30%) of one hundred percent (100%) of Median Income upon sixty (60) days written notice to the Tenant. Thereafter, such household shall be considered an Other Income Household, and the Developer shall rent the next available Unit to an Extremely Low Income Household or Very Low Income Household (as applicable) to comply with the requirements of Section 2.1 above.

(c) Termination of Occupancy. Upon termination of occupancy of a Unit by a Tenant, such Unit shall be deemed to be continuously occupied by a household of the same

income level (e.g., an Extremely Low Income Household, a Very Low Income Household, or an Other Income Household) as the initial income level of the vacating Tenant, until such Unit is reoccupied, at which time the income character of the Unit (e.g., an Extremely Low Income Household, a Very Low Income Household, or an Other Income Household) shall be redetermined.

2.4 Tenant Selection.

(a) Marketing Plan. Before the initial leasing of any Units in the Development, the Developer must provide the County for its review and approval the Developer's written marketing and tenant selection plan consistent with the requirements of this Agreement. Among other things, such marketing plan shall require the Developer to market the Units to income-eligible households.

(b) Nondiscrimination.

(1) Source of Income. The Developer shall not discriminate on the basis of source of income or rent payment (for example, TANF or SSI) or poor credit history if a prospective Tenant's previous rent history of at least one (1) year provides evidence of Tenant's ability to pay the applicable Rent (ability to pay shall be demonstrated if the prospective Tenant can show that the Tenant has paid the same percentage or more of the Tenant's income for Rent as the Tenant would be required to pay for the Rent applicable to the Unit to be occupied).

(2) Section 8 Housing Choice Voucher Holders. The Developer will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal vouchers for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Developer shall not apply selection criteria to Section 8 voucher holders that is more burdensome than criteria applied to all other prospective tenants, nor shall the Developer apply or permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of Units by such prospective Tenants.

(3) General Public. All of the Units shall be available for occupancy on a continuous basis to members of the general public who are income eligible. The Developer shall not give preference to any particular class or group of persons in renting the Units, except to the extent that: (i) the Units are required to be leased to an Extremely Low Income Household, a Very Low Income Household, or an Other Income Household; (ii) the Units are required to be leased to specific populations in accordance with any Other Regulatory Agreement. There shall be no discrimination against or segregation of any person or group of persons, on account of any classification protected by applicable law, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor shall Developer or any person claiming under or through the Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, or subtenants of any Unit or in connection with the employment of persons for the operation and management of the Development.

(4) Household Size. Subject to any applicable law, and any TCAC regulations, if any, the Developer shall not refuse to rent to any prospective Tenant on the basis of household size so long as such household size is not smaller than the minimum or larger than the maximum household size set forth below:

<u>Number of Bedrooms</u>	<u>Minimum Household Size</u>	<u>Maximum Household Size</u>
One	1	3
Two	2	5
Three	3	7

2.5 Lease Provisions. Developer shall include in leases for all Units provisions which authorize Developer to immediately terminate the tenancy of any household one or more of whose members misrepresented any fact material to the household's qualification as an Extremely Low Income Household, a Very Low Income, or an Other Income Household. Each lease or rental agreement shall also provide that the household is subject to annual certification in accordance with Section 3.1 below, and that, if the household's income increases above the applicable limits such household's Rent may be subject to increase.

2.6 Condominium Conversion. The Developer shall not convert the Development's Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property, or any portion thereof, during the Term of this Agreement.

2.7 Relocation to Different Unit Based on Household Size. To ensure that the Units are not underutilized, the Developer shall maintain the minimum and maximum occupancy standards set forth in Section 2.4(b)(4) by obtaining an annual certification of each Tenant's household size to be included with the Tenant's income certification provided in accordance with Section 3.1. Upon such annual recertification the Developer shall require a Tenant to relocate to a larger or smaller Unit, as applicable, depending on the increase or reduction in the Tenant's household size.

2.8 Waiting List. The Developer shall maintain a waiting list of potential applicants for the Units, and shall update the waiting list(s) at least once per year.

ARTICLE 3. INCOME CERTIFICATION AND REPORTING

3.1 Income Certification. The Developer will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, income and household size certifications from each Tenant renting any of the Units. The Developer shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain three (3) pay stubs for the most recent pay periods; (2) obtain an income tax return for the most recent tax year; (3) conduct a credit agency or similar search; (4) obtain an income verification form from the applicant's current employer; (5) obtain three (3) most recent

bank statements for all savings and checking accounts; (6) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (7) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of tenant income certifications shall be available to the County upon request. Compliance by the Developer with the income certification requirements of any Other Regulatory Agreement shall be deemed to be compliance with the requirements of this Section 3.1.

3.2 Semi-Annual Reports to County. The Developer shall submit to the County (a) not later than June 30th of each calendar year, and not later than December 31st of each calendar year, or such other dates as may be requested by the County, a statistical report, including income and rent data for all Units, and vacancy history, setting forth the information called for therein, and (b) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the County.

3.3 Additional Information. Developer shall provide any additional information reasonably requested by the County. Upon written request, the County shall have the right to examine and make copies of all books, records or other documents of Developer which pertain to any Unit. Any such examination by County shall be done during normal business hours and upon no less than 72 hours prior notice.

3.4 Records. Developer shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the County to inspect records, including records pertaining to income and household size of Tenants during normal business hours upon no less than 72 hours prior notice. All Tenant lists, applications and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of the Developer and shall be maintained as required by the County, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the County upon no less than 72 hours prior notice. The Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years.

3.5 On-site Inspection. In addition to any rights under the Loan Agreement, the County shall have the right to perform an on-site inspection of the Development at least one time per year, including the right to inspect Units, subject to any applicable notice required by applicable law, and the rights of the Tenants under applicable leases, to confirm that the Units constitute decent, safe, and sanitary housing. The Developer agrees to cooperate in such inspection.

3.6 Annual Monitoring Payment. In consideration for the County providing the County Loan to the Developer, commencing on the first May 1 after the issuance of a temporary certificate of occupancy for the Development, and no later than May 1 of each subsequent year during the Term (or such other date mutually acceptable to the Parties), the Developer shall pay to the County the Annual Monitoring Payment in the amount of Three Thousand Dollars (\$3,000) to reimburse the County for costs incurred by the County in connection with the monitoring of the Developer's operation of the Development in accordance with this Agreement. The Annual Monitoring Payment shall increase, on an annual basis, at the rate of three percent (3%) per year. Payments made by the Developer pursuant to this Section shall be made in

addition to the repayment of the County Loan and shall not be offset or deducted by the Developer's repayment of the County Loan; provided, however, the County agrees and acknowledges that the Annual Monitoring Payment shall constitute an "Annual Operating Expense" as defined in the Loan Agreement. Such Annual Monitoring Payments shall be made by the Developer regardless of the Developer's prepayment of the County Loan, and shall continue until the expiration of the Term of this Agreement. In the event the Developer transfers the Property, the obligation to pay the Annual Monitoring Payment runs with the land to the benefit of the County, and shall be an obligation of Developer's successors and/or assigns. The Developer's failure to make the Annual Monitoring Payment in the amount and within the timeframe set forth in this Section shall constitute a default by the Developer pursuant to Section 6.4.

ARTICLE 4. OPERATION OF THE DEVELOPMENT

4.1 Residential Use. The Development shall be used only for rental residential use, and each Unit shall be used as the primary residence for each household. No part of the Development shall be used for emergency shelter or transitional housing subject to the Transitional Housing Misconduct Act set forth in California Civil Code 1954.10 (or any successor statute). No Unit may be used for tourist, or transient, use, or any other short-term rental use, or be listed on any "hosting platform" (as defined in California Business & Professions Code 22590, as may be amended from time to time), including, but not limited to any Internet-based "hosting platform", such as "airbnb.com", or any similar service.

4.2 Taxes and Assessments. Developer shall pay all real and personal property taxes, assessments, if any, and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Developer exercises its right to contest any tax, assessment, or charge against it, Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest. Developer shall only apply for a welfare exemption pursuant to Section 214(g) of the California Revenue and Taxation Code.

ARTICLE 5. PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. The Developer shall be responsible for all management functions with respect to the Development, including without limitation, the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The County shall have no direct, or indirect, responsibility over management of the Development; however, the Developer shall operate the Development in accordance with this Agreement, the Loan Agreement in a manner acceptable to the County. At all times during the Term, the Developer shall retain the Management Agent

approved by the County in its reasonable discretion to perform its management duties hereunder. Resident manager(s) shall also be required in accordance with applicable law.

The Development shall at all times be managed by an experienced management agent reasonably acceptable to the County, with demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing. The Developer shall submit for the County's approval the identity of any replacement management agent. The Developer shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for the County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a qualified management agent set forth above, the County shall approve the proposed management agent by notifying the Developer in writing. Unless the proposed management agent is disapproved by the County within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. If the proposed management agent is disapproved by the County for failing to meet the standard for a qualified management agent set forth above, the Developer shall submit for the County's approval a new proposed management agent within thirty (30) days following the County's disapproval. The Developer shall continue to submit proposed management agents for County approval until the County approves a proposed management agent. The County will not unreasonably withhold, condition, or delay its approval of a proposed management agent.

5.2 Periodic Performance Review. The County reserves the right to conduct an annual (or more frequently, if the Development was previously deemed out of compliance with this Agreement by the County, and deemed reasonably necessary by the County) review of the management practices and financial status of the Development (including, but not limited to, a review of the Management Agent's performance). The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this Agreement. The Developer shall cooperate with the County in such reviews.

5.3 Replacement of Management Agent. If, as a result of a periodic review, the County determines, in its reasonable judgment, that the Development is not being operated and managed in accordance with any of the material requirements and standards of this Agreement, the Loan Agreement, the County shall deliver notice to Developer of its intention to cause replacement of the Management Agent, including the reasons therefor. Within fifteen (15) days after receipt by Developer of such written notice, or such later date as approved by the County, County staff and the Developer shall meet in good faith to consider methods for improving the financial and operating status of the Development. If after a reasonable period as determined by the County (not to exceed sixty (60) days), the County determines that the Developer is not operating and managing the Development in accordance with the material requirements and standards of this Agreement and the Loan Agreement, the County may require replacement of the Management Agent in accordance with this Agreement.

If, after the above procedure, the County requires in writing the replacement of the Management Agent, Developer shall promptly dismiss the then Management Agent, and shall appoint as the replacement management agent, subject to any approval required under the Other

Regulatory Agreements (if any), a person or entity meeting the standards for a management agent set forth above and approved by the County.

Any contract for the operation or management of the Development entered into by Developer shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute a default under this Agreement, and the Loan Agreement.

5.4 Approval of Management Plans and Policies. Prior to the initial leasing of any of the Units at the Property, and annually thereafter to the extent of any amendments thereto, the Developer shall submit its written management plan and policies with respect to the Development to the County for its review and approval (the "Management Plan"). If the Developer's proposed Management Plan sets forth the Developer's commitment and ability to operate the Development in accordance with this Agreement, and applicable laws, the County shall approve the proposed Management Plan by notifying the Developer in writing. Unless the proposed Management Plan is disapproved by the County within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved. If the proposed Management Plan is disapproved by the County, the Developer shall submit for the County's approval a new proposed Management Plan, which addresses the inadequacies set forth in the County's notice, within thirty (30) days following the County's disapproval. The Developer's failure to obtain the County's approval of a Management Plan which approval shall not be withheld unreasonably, within one hundred twenty (120) days from the date of the Developer's initial submission of the proposed Management Plan shall constitute a default under this Agreement and the Loan Agreement.

5.5 Property Maintenance. The Developer agrees, for the entire Term, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, and in accordance with the following maintenance conditions:

(a) Landscaping. All landscaping shall be maintained in a healthy and thriving condition, free from weeds, trash, and debris. The Developer agrees to have landscape maintenance performed every other week (or more frequently if necessary), including replacement of dead or diseased plants with comparable plants. The Developer agrees to adequately water the landscaping on the Property. All irrigation systems shall be maintained to provide the optimum amount of water to the landscaped areas for plant growth without causing soil erosion or water runoff. No improperly maintained landscaping on the Property shall be visible from public streets and/or rights of way.

(b) Yard Area. No yard areas on the Property shall be left unmaintained, including, but not limited to:

(1) broken or discarded furniture, appliances and other indoor household equipment stored in common areas or other exterior areas for a period exceeding one (1) week;

(2) packing boxes, lumber trash, dirt and other debris in areas visible from public property or neighboring properties; and

(3) vehicles parked or stored in other than approved parking areas.

(c) Building. No buildings located on the Property may be left in an unmaintained condition so that any of the following exist:

(1) violations of state law, uniform codes, or County ordinances;

(2) violations of the Housing Quality Standards described in 24 CFR § 982.401 et seq. regardless of whether such standards are otherwise applicable to this Development by any federal funding source or federal regulation. Such standards, as may be amended from time to time, are hereby incorporated into this Agreement by this reference;

(3) conditions that constitute an unsightly appearance that detracts from the aesthetics or value of the Property, as reasonably determined by the County, or that constitutes a private or public nuisance;

(4) broken windows;

(5) graffiti (must be removed within 72 hours); and

(6) conditions constituting hazards and/or inviting trespassers, or malicious mischief.

(d) Exterior Lighting. All exterior lighting on the Property shall be maintained to reflect downward and avoid any impacts on adjacent homes, structures, or properties.

The County places prime importance on quality maintenance to protect its investment and to ensure that all County-assisted affordable housing projects within the County are not allowed to deteriorate due to below-average maintenance or are not allowed to endanger the health and safety of the Tenants or the surrounding community. Normal wear and tear of the Development will be acceptable to the County assuming the Developer agrees to provide all necessary improvements to assure the Development is maintained in good condition, as reasonably determined by the County. The Developer shall promptly make all repairs and replacements necessary to keep the improvements in good condition and repair.

In the event that the Developer breaches any of the covenants contained in this section and such default continues for a period of ten (10) days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance or the Developer fails to commence to cure any breach within thirty (30) days after written notice from the County (and thereafter fails to diligently pursue such cure to completion), with respect to landscaping and building improvements (or to preserve the health and safety of the Tenants and/or surrounding community), then the County, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. The Developer hereby irrevocably grants the County, and the County's employees and agents, a right of entry for such purpose. Pursuant to

such right of entry, the County shall be permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, including a ten percent (10%) administrative charge, which amount shall be promptly paid by the Developer to the County upon demand. In addition, the Developer's failure to comply with this Section shall constitute a default pursuant to Section 6.4 of this Agreement.

5.6 Safety Conditions. The Developer agrees to implement and maintain throughout the Term the following security measures in the Development:

- (a) maintain adequate and functioning lighting in parking areas;
- (b) work with the City of Nevada City's Police Department to implement and operate an effective neighborhood watch program;
- (c) provide added security measures to prevent unlawful entry into the Improvements including dead-bolt locks for every entry door, and where entry doors are damaged, replace them with solid-core doors; and
- (d) such other commercially reasonable efforts to maintain the Development as a crime-free and drug-free living environment (including, but not limited to prohibiting loitering at or within any portion of the Development).

ARTICLE 6. MISCELLANEOUS

6.1 Term. The provisions of this Agreement shall apply to the Property for the entire Term even if the entire County Loan is paid in full prior to the end of the Term. This Agreement shall bind any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the County. The County makes the County Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.2 Compliance with the Loan Agreement. The Developer's actions with respect to the Property shall at all times be in full conformity with all requirements of the Loan Agreement.

6.3 Covenants to Run With the Land. The County and Developer hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions

are set forth in such contract, deed or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.4 Developer Default; Enforcement by the County. If Developer fails to perform any material obligation under this Agreement, and fails to cure the default within thirty (30) days after the County has notified the Developer in writing of the default or, if the default cannot be cured within thirty (30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure (in no event to exceed ninety (90) days from the date of the County's initial notice), the County shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the County Loan. The County may declare a default under the Note, accelerate the indebtedness evidenced by the County Note, and proceed with foreclosure under the Deed of Trust, or any other remedy set forth in the Loan Agreement.

(b) Action to Compel Performance or for Damages. The County may bring an action at law or in equity to compel Developer's performance of its obligations under this Agreement, and/or for damages. Developer acknowledges that any breach in Developer's performance of Developer's obligations under this Agreement shall cause irreparable harm to the County, and materially impair the public policy objectives to provide affordable housing within the County. Therefore, Developer agrees that the County is entitled to equitable relief in the form of specific performance, and that an award of damages may not be adequate to compensate the County for Developer's failure to perform according to the terms of this Agreement. Notwithstanding the foregoing, the County, in its sole and absolute discretion, may elect the appropriate remedy for Developer's default under this Agreement.

(c) County Sublease of Units. If and to the extent necessary to correct any Developer default, the Developer hereby grants to the County the option to lease, from time to time, Units in the Development for a rental of One Dollar (\$1.00) per Unit per year for the purpose of subleasing such Units to comply with Article 2 of this Agreement and hereby agrees to execute such agreements or further documentation and to take such further action reasonably requested by the County to provide the County the ability to sublease the Units following such uncured default. Any rents received by the County under any such sublease shall be paid to the Developer after the County has been reimbursed for any expenses incurred in connection with such sublease.

The County agrees that any cure of a default by the limited partner(s) of the Developer, shall be deemed to be a cure by the Developer, and shall be accepted or rejected on the same basis as if made or tendered by the Developer.

6.5 Recording and Filing. The County and Developer shall cause this Agreement, and all amendments and supplements to it, to be recorded against the Property in the Official Records.

6.6 Governing Law. This Agreement shall be governed by the laws of the State of California.

6.7 Amendments. This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the Official Records.

6.8 Notices.

(a) Notice. Formal notices, demands, and communications between the County and the Developer shall be in writing and shall be sufficiently given if and shall not be deemed given unless dispatched by: (i) registered or certified mail, postage prepaid, return receipt requested; (ii) delivered by reputable overnight delivery service; or (iii) delivered by facsimile or by electronic mail, with an additional copy immediately delivered by one of the methods set forth in clause (i) or (ii), to the principal office of the Parties as follows:

County: County of Nevada
Department of Child Support, Collections,
Housing and Community Services
Nevada County Health and Human Services Agency
950 Maidu Avenue
Nevada City, CA 95959
Attention: Mike Dent, Director
Fax: (530) 265-7298
E-mail: Mike.dent@co.nevada.ca.us

with a copy to:

County of Nevada
Office of County Counsel
950 Maidu Avenue, Suite 240
Nevada City, CA 95959
Attention: Katharine L. Elliott
Fax: (530) 265-9840
Email: Kit.elliott@co.nevada.ca.us

Developer: Nevada City Cashin's Field, LP

With a copy to:

With a copy to:

(b) New Address; Delivery. 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. Receipt shall be deemed to have occurred on the date shown on a written receipt for delivery or refusal of delivery.

(c) Mandatory Provision. Notwithstanding any provision of this Agreement to the contrary, in no event shall any submittal by the Developer to the County be deemed approved unless the request for approval contains the following provision, in bold print, with the blank space completed by Developer with the appropriate number of days provided for the approval of such item in this Agreement:

NOTICE IS HEREBY GIVEN THAT FAILURE TO APPROVE OR DISAPPROVE THE REQUESTED MATTER WITHIN ___ DAYS SHALL BE DEEMED AN APPROVAL PURSUANT TO SECTION ___ OF THE REGULATORY AGREEMENT BETWEEN THE COUNTY OF NEVADA AND NEVADA CITY CASHIN'S FIELD, LP, THIS PROVISION HAS BEEN INCLUDED WITH THIS SUBMITTAL PURSUANT TO SECTION 6.8 OF THE REGULATORY AGREEMENT.

The County shall not be deemed to have approved, or otherwise waived any approval right, of any item submitted by the Developer if the notice from the Developer does not include such provision as set forth above. In the event of any conflict between this provision and any other provision of this Agreement, the terms of this provision shall control.

6.9 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the Parties or any third party to create the relationship of principal and agent or of partnership or of joint venture or of association. The relationship of the parties is that of a lender and borrower. Developer further acknowledges, understands and agrees that the County does not undertake or assume any responsibility for or duty to Developer to select, review, inspect, supervise, pass judgment on, or inform Developer of the quality, adequacy or suitability of the Units (or any other portion of the Property). The County owes no duty of care to protect Developer against negligent, faulty, inadequate or defective building or construction or any condition of the Property and Developer agrees that neither Developer, or Developer's heirs, successors or assigns shall ever claim, have or assert any right or action against the County for any loss, damage or other matter arising out of or resulting from any condition of the Property and will hold the County harmless from any liability, loss or damage as set forth below. Any review by the County of any documents submitted by the Developer to the County pursuant to this Agreement, including, but not limited to the form of any tenant lease or any proposed marketing plan, is solely to confirm compliance with the requirements of this Agreement and shall not be deemed to be a representation of any kind of the validity, business advantage, or legal enforceability of such document(s).

6.10 Hold Harmless; Indemnity. Upon demand by the County, and in addition to any obligations set forth in the Loan Agreement, Developer shall indemnify, defend (with counsel reasonably selected by the County), and hold harmless the Indemnified Parties (as defined in the Loan Agreement) from and against any and all claims, liens, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, and all costs incurred in connection therewith (including without limitation actual attorneys' fees and costs of experts and consultants) arising from: (i) Developer's performance or non-performance of its obligations hereunder; (ii) Developer's ownership of the Property; or (iii) the development, construction, marketing, rental and operation of the Development or the relocation of any occupants on the Property, except for claims arising solely from the gross negligence, willful misconduct, illegal acts, or breach of this Regulatory Agreement by any Indemnified Party. The

indemnification obligations set forth in this Section shall survive any termination or expiration of this Regulatory Agreement.

6.11 Time is of the Essence. Time is of the essence in this Agreement. All references to days in this Agreement are calendar days, unless explicitly referenced as a Business Day. The number of days specified in any provision of this Agreement shall be counted by excluding the first day and including the last day, unless the last day is a not a Business Day, in which case it shall be excluded. Any act required by this Agreement to be performed by a certain day is timely performed if completed before 5:00 p.m. local time on that date. If the day for performance of any obligation under this Agreement is not a Business Day, then the time for performance of that obligation is extended to 5:00 p.m. local time on the first day following that is a Business Day.

6.12 Interpretation. The use in this Agreement of the words "including," "such as" or words of similar import when used with reference to any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, unless language of limitation, such as "and limited to" or words of similar import are used with reference thereto. The headings of this Agreement are for convenience only and do not in any way limit or amplify the terms or provisions hereof. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, and to the singular or plural, as the identity of the party or parties may require.

6.13 No Limitation on County Regulatory Powers. Nothing in this Agreement shall limit, waive, or otherwise impair the authority and discretion of any office or department of the County acting in its capacity as a governmental regulatory authority with jurisdiction over the development, use, or operation of the Property.

6.14 Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.15 State Law Requirements.

(a) Enforcements by Certain Third Parties. Pursuant to California Health and Safety Code Section 33334.3(f)(7) a default under this Agreement, including the rental of a Unit by the Developer to a household not eligible under this Agreement, may be enforceable by the County, a residents' association, a resident of another affordable unit, a former resident of a Unit, a person on an affordable housing waiting list, and others who are listed in any applicable state law. The Parties agree and acknowledge that such rights shall only exist during such time, if any, that the Property is subject to the requirements of California Health and Safety Code Section 33334.3(f)(7), or any successor statute.

(b) Developer Obligations Prior to Expiration of Term. At least six (6) months prior to the expiration of the Term, Developer shall provide by first-class mail, postage prepaid, a notice to all Tenants in the Units containing: (i) the anticipated date of the expiration of the Term; (ii) any anticipated Rent increase upon the expiration of the Term; (iii) a statement that a copy of such notice will be sent to the County; and (iv) a statement that a public hearing may be

held by the County on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Developer shall also file a copy of the above-described notice with the County. In addition, Developer shall comply with the requirements set forth in California Government Code Sections 65863.10 and 65863.11, to the extent applicable.

6.16 Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the venue for such action shall be the Superior Court of the County.

6.17 Complete Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the matters set forth in this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties to this Agreement and their counsel have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to California Civil Code Section 1654 as may be amended from time to time) shall not apply to the interpretation of this Agreement.

6.18 County Approval. Whenever this Agreement calls for County approval, consent, or waiver, the written approval, consent, or waiver of the County Executive Officer, or his or her designee as designated in writing, shall constitute the approval, consent, or waiver of the County, without further authorization required from the County Council. The County hereby authorizes the County Executive Officer, or his or her designee as designated in writing, to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the County. 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 Executive Officer, or his or her designee as designated in writing, is also hereby authorized to approve, on behalf of the County, requests by the Developer 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 the Developer made in connection with this Agreement.

6.19 Force Majeure. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; any County-wide orders regarding a public health emergency (provided that the impact(s) of such order could not have been reasonably anticipated, and had a material adverse impact on the Party's ability to satisfy its obligation hereunder); quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather (provided that such claim is documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated, and had a material adverse impact on the Party's ability to satisfy its obligation hereunder); inability to secure necessary labor, materials or tools (despite the Developer's good faith and commercially reasonable efforts to obtain); acts of the other Party; acts or failure to act of any public or governmental agency or entity (other than the acts or failure to act of the County); or any other causes (other than Developer's inability to obtain financing for the Property) beyond the control or without the fault of the Party claiming an

extension of time to perform. 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 thirty (30) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within thirty (30) days after receipt of the notice. Times of performance under this Agreement may also be extended in writing by the County and the Developer. Notwithstanding the foregoing, in no event shall: (a) the County be required to agree to cumulative delays in excess of one hundred eighty (180) days; or (b) any delay, regardless of cause, be deemed to waive, limit, or otherwise amend Developer's obligation to repay the Loan, in accordance with Loan Documents.

6.20 Multiple Originals; Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original.

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IN WITNESS WHEREOF, the County and Developer have executed this Agreement by duly authorized representatives as of the Effective Date.

DEVELOPER:

NEVADA CITY CASHIN'S FIELD, LP a California limited partnership

By: Nevada City Cashin's Field, LLC,
a California limited liability company,
its Administrative General Partner

By: Central California Housing Corporation, a
California corporation, its Member/Manager

By: _____
Austin Herzog
President

By: Cashin's Field-BBP, LLC, a California limited liability company, its Managing General Partner

By: Building Better Partnerships, Inc., a
California nonprofit public benefit
corporation, its Sole Member and Manager

By: _____
Gustavo Becerra
President

Signatures Continue on Following Page

COUNTY:

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

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM AND LEGALITY

By: _____
County Counsel

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

STATE OF CALIFORNIA)

)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Notary Public

Name: _____

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Nevada
Department of Child Support, Collections,
Housing and Community Services
Nevada County Health and Human Services Agency
950 Maidu Avenue
Nevada City, CA 95959
Attention: Director

This document is recorded at the request and for the benefit of the County of Nevada, and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103, 27383, and 27388.1

CONSTRUCTION DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING
(County of Nevada Loan-Cashin's Field)

THIS CONSTRUCTION DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this "Deed of Trust") is made as of _____ 1, 2021, by and among Nevada City Cashin's Field, LP, a California limited partnership ("Trustor"), Placer Title Company, a California corporation ("Trustee"), and County of Nevada, a political subdivision of the State of California (the "County"), in its capacity as the administrator of the Western Nevada County Regional Housing Trust Fund ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's fee interest in the property located in the City of Nevada City, County of Nevada, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; and to the extent assignable, all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

(c) Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.3 below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR
COVENANTS AND AGREES:

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1 The term "Loan Agreement" means that certain Construction and Permanent Loan Agreement between Trustor and Beneficiary, dated of even date herewith, providing for the Beneficiary to loan to the Trustor an amount not to exceed One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) for the development of the Property.

Section 1.2 The term "Loan Documents" means this Deed of Trust, the Loan Agreement, the Note, the Regulatory Agreement, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.3 The term "Note" means the promissory note in the principal amount of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000), which is dated of even date herewith executed by the Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (A copy of the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

Section 1.4 The term "Principal" means the amount required to be paid under the Note.

Section 1.5 The term "Regulatory Agreement" means, collectively, any regulatory agreement or declaration of restrictive covenant, or similar use restriction, by and between the Beneficiary and the Trustor affecting, or otherwise encumbering, some, or all, of the Property.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF
THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition (reasonable wear and tear excepted). The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor, upon written request of the Beneficiary, shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of Nevada County, a surety bond in an amount equal to the amount of such claim item to protect against a claim of lien, or such alternate collateral which is reasonably acceptable to the Beneficiary.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the sums secured by this Deed of Trust with the balance, so long as no such breach has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor shall contain a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except as previously approved by the Beneficiary as set forth in the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenant that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon the occurrence and during the continuation of Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the

security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, reasonable attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender.

ARTICLE 3 TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any

part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor by the date such item is due, or for contested items, within the timeframe required by a final determination of such contest, if applicable, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust. Trustee is aware that California Civil Code Section 2955.5(a) provides as follows: No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

Section 3.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior written notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of eight percent (8%) per annum or the maximum rate permitted by law. Any insurance policies obtained by Beneficiary under this Section shall be terminated upon Grantor's reinstatement of the insurance coverage required by the Loan Documents.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such reasonable conditions as the Beneficiary may impose for its disposition. Notwithstanding anything in this Section, Beneficiary agrees to first release Funds to Trustor to be used for the restoration of the Project so long as Beneficiary is reasonably satisfied that the proceeds of insurance, together with any additional proceeds made available by Trustor, are sufficient to materially restore the Project, subject to the rights of any senior mortgage lender. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER
ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event and during the continuation of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall

bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times, upon seventy-two (72) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, subject to the rights of tenants, without payment of charges or fees, to inspect the Security. Beneficiary shall use commercially reasonable efforts to cause such inspections to be performed during business hours on business days. Such rights are in addition to any similar rights of the Beneficiary under the Regulatory Agreement.

Section 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that:

(a) There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the

California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, or sublessees of the land.

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

In addition to such prohibitions, Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that Trustor shall comply with: (i) such requirements, as may be amended from time to time, regardless of whether or not any amendment is made to this Deed of Trust regarding any change or amendment to such statutory requirements, and (ii) all other nondiscrimination laws, rules, and regulations governing the Trustor's use of the Property (whether in effect as of the date of this Deed of Trust or enacted thereafter).

ARTICLE 6 HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any applicable federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, or hazardous wastes, 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 customarily kept and used in and about multifamily residential property.

Trustor shall immediately advise Beneficiary 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 Trustor or the Property 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 Trustor or the Property 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 hereinafter referred to a "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that

could cause the Property or any part thereof to be subject to the provisions of California Health and Safety Code Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary 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 Trustor. Trustor shall indemnify and hold harmless Beneficiary and its councilmembers, 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 Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, delayed, or conditioned, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, 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 Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property 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 Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary 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) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property 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 Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary 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 Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor 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 Property and the Trustor knew or should have reasonably 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) reasonable attorneys' fees, incurred by the Beneficiary 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 Property is environmentally impaired, plus interest thereon at the rate specified in the Note until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute an event of default (an "Event of Default" or a "Default") following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination; or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or Regulatory Agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein. Notwithstanding anything to the contrary contained herein, the Beneficiary agrees that any cure of any default made or tendered by one, or more, of Trustor's limited partners shall be deemed to be a cure by the Trustor and shall be accepted or rejected on the same basis as if made or tendered by Trustor.

Section 7.2 Acceleration of Maturity.

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or notice of default provided in accordance with applicable law (a "Notice of Default") hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold in accordance with applicable law (the "Notice of Sale"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of Nevada County; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall deliver the Notice of Sale to Trustee, and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Sale and after applicable notice having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to

such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the

Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (iv) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments.

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven, that all obligations to be performed by the Trustee under the Loan Documents (including, but not limited to, the operation of the Property in accordance with, and for the entire term of, the Regulatory Agreement), and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally, by reputable overnight delivery service, or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

County of Nevada
Department of Child Support, Collections, Housing and
Community Services
Nevada County Health and Human Services Agency
950 Maidu Avenue
Nevada City, CA 95959
Attention: Director

with a copy to: County of Nevada
Office of County Counsel
950 Maidu Avenue, Suite 240
Nevada City, CA 95959
Attention: County Counsel

and (2) if intended for Trustor shall be addressed to:

Nevada City Cashin's Field, LP

With a copy to: _____

With a copy to: _____

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors.

Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

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

Section 8.14 Counterparts.

This Deed of Trust may be executed in counterparts, each of which shall be deemed to be an original, and constitute one and the same document.

Section 8.15 Compliance with Internal Revenue Code Section 42.

Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In

the event the extended use agreement is recorded against the Property, the Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

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

TRUSTOR:

NEVADA CITY CASHIN'S FIELD, LP a
California limited partnership

By: Nevada City Cashin's Field, LLC,
a California limited liability company,
its Administrative General Partner

By: Central California Housing
Corporation, a California
corporation, its Member/Manager

By: _____
Austin Herzog
President

By: Cashin's Field-BBP, LLC, a California
limited liability company, its Managing
General Partner

By: Building Better Partnerships, Inc., a
California nonprofit public benefit
corporation, its Sole Member and
Manager

By: _____
Gustavo Becerra
President

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A
LEGAL DESCRIPTION

CONSTRUCTION AND PERMANENT LOAN AGREEMENT

by and between

THE COUNTY OF NEVADA

and

NEVADA CITY CASHIN'S FIELD, LP

(Cashin's Field)

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CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(Cashin's Field)

This Construction and Permanent Loan Agreement (the "Agreement") is dated as of _____ 1, 2021 (the "Effective Date"), by and between the County of Nevada, a political subdivision of the State of California (the "County"), in its capacity as the administrator of the Western Nevada County Regional Housing Trust Fund (the "WNCRHTF"), and Nevada City Cashin's Field, LP, a California limited partnership (the "Borrower").

RECITALS

A. Capitalized terms used, but not defined, in these recitals are as defined in Article 1 of this Agreement.

B. On, or about, March 25, 2021, the Borrower was selected by the County as the successful firm under the RFP based on the Borrower's proposal under the RFP. The RFP, and the Borrower's proposal under the RFP, are hereby incorporated into this Agreement by this reference.

C. On, or about, the Effective Date, the Borrower acquired the Property for the purpose of constructing, owning, and operating the Development.

D. This Agreement evidences the County's loan to Borrower for construction of the Development, in the amount of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000).

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) "Administrative General Partner" means Nevada City Cashin's Field, LLC, a California limited liability company.

(b) "Administrative General Partner Fee" means the fee payable to the Administrative General Partner pursuant to the Partnership Agreement in the amount of Fifteen Thousand Dollars (\$15,000) per year, increasing annually by three percent (3%).

(c) "Agreement" means this Construction and Permanent Loan Agreement.

(d) "Annual Operating Budget" has the meaning in Section 4.5 below.

(e) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development:

- (1) property taxes and assessments imposed on the Development;
- (2) debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans associated with Development Financing;
- (3) property management fees and reimbursements, on-site property management office expenses, and salaries of property management and maintenance personnel, not to exceed amounts that are standard in the industry and pursuant to a management contract approved by the County;
- (4) fees for accounting, audit, and legal services incurred by Borrower's general partner(s) in the asset management of the Development, not to exceed amounts that are standard in the industry, to the extent such fees are not included in the Managing General Partner Fee, the Administrative General Partner Fee, or Limited Partner Fee;
- (5) premiums for property damage and liability insurance;
- (6) utility services not paid for directly by tenants, including water, sewer, and trash collection;
- (7) maintenance and repair;
- (8) any annual license or certificate of occupancy fees required for operation of the Development;
- (9) security services;
- (10) advertising and marketing;
- (11) cash deposited monthly into reserves for capital replacements of the Development in an amount not to exceed \$350 per unit per year, increasing annually by three percent (3%);
- (12) cash deposited into an operating reserve as needed to replenish the minimum operating reserve requirement in accordance with the Borrower's Partnership Agreement;
- (13) the Administrative General Partner Fee, the Managing General Partner Fee and the Limited Partner Fee, as described in Section 2.11;
- (14) the Deferred Developer Fee, as described in Section 2.10;

(15) extraordinary operating costs specifically approved in writing by the County;

(16) payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the County and not listed above.

Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, any capital cost associated with the Development, as determined by the accountant for Borrower.

(f) "Board of Supervisors" means the board of supervisors of the County.

(g) "Borrower" means Nevada City Cashin's Field, LP, a California limited partnership, and its permitted successors or assigns.

(h) "Borrower's Share of Residual Receipts" shall mean fifty percent (50%) of Residual Receipts.

(i) "Business Day" shall mean a day of the week on which the County is open to the public for carrying on substantially all business functions of the County. In no event shall a Saturday, Sunday, or any legal holiday in the State of California be considered a Business Day.

(j) "County" means the County of Nevada, a political subdivision of the State of California.

(k) "County Loan" or "Loan" means the loan to the Borrower from the County, on behalf of the WNCRHTF, in the principal amount not to exceed One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000), as evidenced by the Note. The County Loan consists of LHTF funds, PLHA funds, funded pursuant to the Standard Agreement, and other sources of funding as set forth on Exhibit C.

(l) "County Officer " means the County Executive Officer of the County, or his or her designee.

(m) "County Prorata Percentage" means the percentage resulting from dividing the County Loan funds disbursed to the Borrower in accordance with this Agreement by the sum of such County Loan funds disbursed in accordance with this Agreement and the City Loan funds disbursed to the Borrower in accordance with the City Loan Agreement. As of the Effective Date, the amount of the County Prorata Percentage is anticipated to be ___% of the Lender's Share of Residual Receipts.

(n) "County's Prorata Percentage of the Net Proceeds of Permanent Financing" means ___%.

(o) "Code" means the Internal Revenue Code of 1986, as amended.

(p) "Commencement of Construction" has the meaning set forth in Section 3.5 below.

(q) "Completion Date" means the date a final certificate of occupancy, or equivalent document, is issued by the Nevada City's building department, to certify that the Development may be legally occupied.

(r) "Construction Bonds" has the meaning set forth in Section 3.4 below.

(s) "Construction Closing" means the date that deeds of trust evidencing the Development Financing described in Sections 1.1(cc), and the County Loan are recorded against the Property, immediately prior to the Commencement of Construction.

(t) "Control" shall mean direct or indirect management or control of: (1) the managing member or members in the case of a limited liability company; (2) the managing general partner or general partners in the case of a partnership; and (3) a majority of the directors in the case of a corporation, as determined by the County.

(u) "County" means the County of Nevada, a political subdivision of the State of California.

(v) "Deed of Trust" means the deed of trust that will encumber the Development to secure repayment of the County Loan.

(w) "Default" has the meaning set forth in Section 6.1 below.

(x) "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

(y) "Deferred Developer Fee" has the meaning set forth in Section 2.10.

(z) "Developer Fee" has the meaning set forth in Section 2.10.

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

(bb) "Development Budget" has the meaning given in Section 3.10 below.

(cc) "Development Financing" means all of the following funds obtained by Borrower, and approved by the County for the purpose of financing the construction of the Development, in addition to the County Loan:

(1) A construction loan utilizing funds from Wells Fargo Bank, National Association, or another commercial lender reasonably acceptable to the County (the "Bank"), in the approximate amount of _____ Dollars (\$_____) (the "Bank Loan");

(2) A permanent loan in the approximate amount of _____ Dollars (the "Permanent Loan") from Berkadia Commercial Mortgage LLC,

a Delaware limited liability company, or another commercial lender reasonably acceptable to the County (the "Permanent Lender");

(3) A loan from Nevada City in the approximate amount of Two-Hundred Thousand Dollars (\$200,000) (the "City Loan") pursuant to a loan agreement between Nevada City and the Borrower (the "City Loan Agreement"), and related documents;

(4) Low Income Housing Tax Credit investor equity funds in the approximate amount of _____ Dollars (\$ _____), subject to the terms, conditions, and adjustments of the Partnership Agreement (the "Tax Credit Investor Equity"), provided by the Investor Limited Partner;

(dd) "Development Fiscal Year" shall mean for the Development, the annual period commencing on January 1 and concluding on December 31 each year.

(ee) "Fifteen Year Compliance Period" means the fifteen (15)-year compliance period as described in Section 42(i)(1) of the Code.

(ff) "Final Cost Certification" has the meaning set forth in Section 3.15.

(gg) "Final Development Cost" means the total of the cost of construction of the Development as shown on the Final Cost Certification.

(hh) "Force Majeure" means the occurrence of one or more of those events described in Section 7.14, permitting an extension of time for performance of obligations under this Agreement.

(ii) "Grass Valley" means the City of Grass Valley, a municipal corporation.

(jj) "Gross Revenue" means for each calendar year, all revenue, income, receipts, and other consideration actually received from the operation and leasing of the Development. Gross Revenue includes, but is not limited to:

- (1) all rents, fees and charges paid by tenants;
- (2) Section 8 payments or other rental subsidy payments received for the dwelling units;
- (3) deposits forfeited by tenants;
- (4) all cancellation fees;
- (5) price index adjustments and any other rental adjustments to leases or rental agreements;
- (6) net proceeds from vending and laundry room machines;
- (7) the proceeds of business interruption or similar insurance and not paid to senior lenders;

(8) the proceeds of casualty insurance not used to rebuild the Development and not paid to senior lenders; and

(9) condemnation awards for a taking of part or all of the Development for a temporary period.

Gross Revenue does not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

(kk) "Hazardous Materials" means: (i) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical; (ii) mold (which has been or is proven to be harmful to human beings), fungus (which has been or is proven to be harmful to human beings), or toxic and mycotoxin spores; and (iii) any waste, substance or material defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic materials", "toxic waste", "toxic substances," or words of similar import under any Hazardous Materials Law.

(ll) "Hazardous Materials Claims" means with respect to the Property: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any Hazardous Materials Law; and (ii) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials.

(mm) "Hazardous Materials Law" means any federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, health, industrial hygiene, environmental conditions, or the regulation or protection of the environment, and all amendments thereto as of this date and to be added in the future and any successor statute or rule or regulation promulgated thereto.

(nn) "HCD" means the State of California Department of Housing and Community Development, or any successor.

(oo) "Indemnified Parties" means, collectively: (i) the County, (ii) Nevada City; (iii) Grass Valley; and (iv) each of their respective members of the board of supervisors, councilmembers, commissioners, directors, officers, employees, agents, and each of their successors and assigns. "Indemnified Party" means any one of the Indemnified Parties.

(pp) "Improvements" means the fifty-one (51) unit housing development, including one (1) manager's unit, appurtenant landscaping and on-site improvements to be constructed on the Property.

(qq) "Intercreditor Agreement" means that certain intercreditor agreement by and among, the City, the Borrower, and the County.

(rr) "Investor Limited Partner" means R4 CFCA Acquisition LLC, a _____, or its affiliate, or its successors and assigns.

(ss) "Lender's Share of Residual Receipts" shall mean fifty percent (50%) of Residual Receipts to be allocated to the City, in the amount of the City Prorata Percentage, and to the County, in the amount of the County Prorata Percentage.

(tt) "LHTF" means the Local Housing Trust Fund program implemented by HCD.

(uu) "Limited Partner Fee" means fee payable to the Investor Limited Partner pursuant to the Partnership Agreement during the Fifteen Year Compliance Period, in the amount of Five Thousand Dollars (\$5,000) per year (increasing annually by a maximum of three percent (3%)).

(vv) "Loan Documents" means this Agreement, the Note, the Regulatory Agreement, the Deed of Trust, the Intercreditor Agreement, and any other document or agreement evidencing the Loan.

(ww) "Management Plan" has the meaning set forth in Section 4.2 below.

(xx) "Managing General Partner" means Cashin's Field-BBP, LLC, a California limited liability company, the managing general partner of the Borrower.

(yy) "Managing General Partner Fee" means the fee payable to the Managing General Partner pursuant to the Partnership Agreement during the Fifteen Year Compliance Period, in the amount of Five Thousand Six Hundred Dollars (\$5,600) per year (increasing annually by a maximum of three percent (3%)).

(zz) "Marketing Plan" has the meaning set forth in Section 4.1 below.

(aaa) "Net Proceeds of Permanent Financing" means the amount by which Permanent Financing exceeds Final Development Costs.

(bbb) "Nevada City" means the City of Nevada City, a municipal corporation.

(ccc) "Note" means the promissory note, in the amount of the County Loan executed by the Borrower in favor of the County.

(ddd) "Official Records" means the official land records of the County.

(eee) "Operating Memorandum" has the meaning given in Section 7.16 below.

(fff) "Partnership Agreement" means the agreement between Borrower's general partners and the Investor Limited Partner that governs the operation and organization of Borrower as a California limited partnership.

(ggg) "Parties" means the County and Borrower. "Party" means either one of the Parties.

(hhh) "Permanent Conversion" means the date the Bank Loan is repaid, or converts from a construction loan to a permanent loan (as applicable).

(iii) "Permanent Financing" means the sum of the following amounts: (i) the City Loan; (ii) the Permanent Loan; (iii) the County Loan; and (iv) the Tax Credit Investor Equity.

(jjj) "PLHA" means the Permanent Local Housing Allocation program implemented by HCD.

(kkk)"Property" means the real property located in the Nevada City, more particularly described in the attached Exhibit A.

(lll) "Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower to be recorded against the Property at Construction Closing.

(mmm)"Related Entity Investor Transferee" means any entity under the Control of, Controlling, or under common Control with, the Investor Limited Partner.

(nnn) "Statement of Residual Receipts" means an itemized statement of Residual Receipts, including the City Prorata Percentage and the County Prorata Percentage.

(ooo)"Residual Receipts" means for each calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses.

(ppp) "RFP" means the request for proposals number 138337 dated February 12, 2021, prepared and published by the County on behalf of the WNCRHTF.

(qqq) "RHA" means Regional Housing Authority, a joint powers authority.

(rrr) "Standard Agreement" means, collectively: (i) the Standard Agreement between HCD and the County for the LHTF funds received allocated by HCD to the County (Contract No. 20-LHTFCOM-15789); (ii) the Standard Agreement between HCD and the County for the PLHA funds allocated by HCD to the County (Contract No. 20-PLHA-15173); (iii) the Standard Agreement between HCD and the County for the PLHA funds allocated by HCD to the County (Contract No. 20-PLHA-15173); (iv) the Standard Agreement between HCD and the County for the PLHA funds allocated by HCD to the County on behalf of Grass Valley (Contract No. 20-PLHA-15158); and (v) the Standard Agreement between HCD and the County for the PLHA funds allocated by HCD to the County on behalf of Nevada City (Contract No. 20-PLHA-15172).

(sss) "Tax Credit Investor Equity" has the meaning set forth in Section 1.1(cc)(4).

(ttt) "TCAC" means the California Tax Credit Allocation Committee.

(uuu) "Term" means the period of time that commences as of the Effective Date, and expires, unless sooner terminated in accordance with this Agreement, on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of the Effective Date.

(vvv) "Title Company" means Placer Title Company.

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

(xxx) "Unit" means one (1) of the fifty-one (51) multi-family residential units to be constructed on the Property.

(yyy) "WNCRHTF" means the Western Nevada County Regional Housing Trust Fund comprised of the County, Grass Valley, and Nevada City pursuant to that certain Memorandum of Understanding dated as of July 1, 2020.

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: Funding Sources for County Loan

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

On and subject to the terms and conditions of this Agreement, the County shall make the County Loan to Borrower. Borrower's obligation to repay the County Loan is evidenced by the Note.

Section 2.2 Interest.

(a) Interest. Subject to the provisions of Section 2.2(b) below, the outstanding principal balance of the County Loan will accrue interest from the date of the Note, at the rate of three percent (3%).

(b) Default Interest. In the event of a Default (and any applicable notice and cure period), interest on the County Loan will begin to accrue, as of the date of Default and continue until such time as the County Loan funds are repaid in full or the Default is cured, at the Default Rate.

Section 2.3 Security.

Borrower shall secure its obligation to repay the County Loan, as evidenced by the Note, by executing the Deed of Trust, and causing or permitting it to be recorded as a lien against the Property. Borrower shall also cause or permit the Regulatory Agreement to be recorded against the Property.

Section 2.4 Subordination.

(a) The County will agree to subordinate the Deed of Trust to the deed of trust evidencing the Bank Loan, and the Permanent Loan, subject to the satisfaction of the following conditions:

(1) All of the proceeds of the proposed Bank Loan, less any transaction costs, are used to provide acquisition, construction, and/or permanent financing for the Development.

(2) The maker of the Bank Loan is a state or federally chartered financial institution, a nonprofit corporation or a public entity that is not affiliated with Borrower or any of Borrower's affiliates, other than as a depositor or a lender.

(3) Borrower demonstrates to the County's reasonable satisfaction that subordination of the Deed of Trust and/or Regulatory Agreement is necessary to secure adequate acquisition, construction and/or permanent financing to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by the Loan Documents. To satisfy this requirement, Borrower must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Bank Loan is necessary to provide adequate acquisition, construction, and/or permanent financing to ensure the viability of the Development, and adequate financing for the Development would not be available without the proposed subordination.

(4) The subordination agreement(s) is structured to minimize the risk that the Deed of Trust and/or Regulatory Agreement will be extinguished as a result of a

foreclosure by the holder of the Bank Loan. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by Borrower, including: (i) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to Borrower; and (ii) providing the County with a cure period of at least sixty (60) days to cure any default.

(5) The subordination(s) of the County Loan to the Bank Loan is effective only during the original term of the Bank Loan, and any extension of the applicable loan term that is approved in writing by the County.

(6) The subordination does not limit the effect of the Deed of Trust and/or Regulatory Agreement before a foreclosure, nor require the consent of the holder of the Bank Loan prior to the County exercising any remedies available to the County under the Loan Documents, or otherwise limit or impair the County's ability to enforce the Regulatory Agreement.

(b) Upon a decision by the County to subordinate the Deed of Trust and/or Regulatory Agreement to the Bank Loan, and the determination by the County Executive Officer that the conditions in this Section 2.4 have been satisfied, the County Executive Officer will be authorized to execute the approved subordination agreement without the necessity of any further action or approval by the Board of Supervisors.

Section 2.5 Construction Closing.

Upon Construction Closing the following shall occur:

- (a) Borrower shall have acquired the Property.
- (b) Borrower shall execute the Note.
- (c) Borrower shall execute the Deed of Trust, and Borrower shall record the Deed of Trust as a lien against the Property.
- (d) Borrower and County shall execute the Regulatory Agreement, and Borrower shall record the Regulatory Agreement as an encumbrance against the Property.

Section 2.6 Conditions to Closing.

The County shall not be obligated to take any action under the Loan Documents and authorize the Title Company to proceed towards Construction Closing unless the following conditions precedent are satisfied prior to Construction Closing:

- (a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement;
- (b) The County has received a copy of authorizing resolutions from Borrower, authorizing Borrower's execution of the Loan Documents and the transactions contemplated by this Agreement;

(c) There exists no material adverse change in the financial condition of Borrower from that shown by the financial statements and other data and information furnished by Borrower to the County prior to the date of this Agreement;

(d) Borrower has furnished the County with: (i) the construction bonds meeting the requirements of Section 3.1; and (ii) evidence of the insurance coverage meeting the requirements of Section 4.10 below;

(e) Borrower has executed and delivered to the County the Note, the Deed of Trust, and the Regulatory Agreement; and the Deed of Trust, and Regulatory Agreement have been, or will be concurrently with the Construction Closing, recorded against the Property in the Official Records in a lien position acceptable to the County;

(f) Borrower has executed and delivered to the County all other documents, instruments, and policies required under the Loan Documents;

(g) The Title Company is unconditionally and irrevocably committed to issuing to the County a 2006 ALTA Lender's Policy of title insurance insuring the priority of the Regulatory Agreement, and the Deed of Trust in the amount of the County 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. The Borrower shall provide whatever documentation (including an indemnification agreement), deposits or surety is reasonably required by the Title Company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any start of construction that has occurred prior to the recordation of the Deed of Trust against the Property in the Official Records;

(h) Borrower has closed on the Development Financing, and the Borrower has executed the Partnership Agreement in which the Investor Limited Partner is obligated to provide Borrower the Tax Credit Investor Equity;

(i) Borrower has reimbursed the County for certain County staff time and County outside counsel fees related to the Development in the amount of Twenty-Five Thousand Dollars (\$25,000) (this condition may be satisfied in conjunction with the Construction Closing); and

(j) If requested by the County, the County has received a written draw request from the Borrower, and setting forth the proposed uses of funds consistent with the County approved Development Budget, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred.

Provided the conditions set forth above have been satisfied, the County shall disburse the County Loan. The Borrower shall satisfy all conditions precedent to the funding of the Loan no later than October 31, 2021.

Section 2.7 Repayment of the County Loan.

The County Loan shall be repaid as follows:

(a) Subject to Subsection (c) below, commencing on May 15, 2023, and on May 15 of each year thereafter during the Term, Borrower shall make a loan payment in an amount equal to the County's Share of Residual Receipts, (each, an "Annual Payment"). Annual Payments will be applied first, to accrued interest, and second, to principal.

(b) Additional Payment from Net Proceeds of Permanent Financing. Commencing on May 15, 2023, or such other date as reasonably acceptable to the County, Borrower shall pay to the County the County's Prorata Percentage of the Net Proceeds of Permanent Financing, as a special repayment of the County Loan. No later than one hundred eighty (180) days following completion of construction of the Development, Borrower shall submit to the County for its review a preliminary calculation of the Net Proceeds of Permanent Financing and a draft of the Final Cost Certification as defined Section 3.15 below. The County shall approve or disapprove Borrower's determination of the amount of the Net Proceeds of Permanent Financing in writing within thirty (30) days after receipt. If Borrower's determination is disapproved by the County, Borrower shall re-submit documentation to the County until the County approval is obtained.

(c) Payment in Full. Borrower shall pay all outstanding principal and accrued interest on the County Loan, in full, on the earliest to occur of: (i) any Transfer other than as permitted pursuant to Section 4.14; (ii) an event of Default unless County permits Borrower to cure such Default; and (iii) the expiration of the Term.

(d) Prepayment. Borrower may prepay the Loan at any time without premium or penalty. However, the Regulatory Agreement will remain in effect for the entire Term, regardless of any prepayment or Transfer.

Section 2.8 Reports and Accounting of Residual Receipts.

In connection with the Annual Payment, Borrower shall furnish to the County:

(a) The Statement of Residual Receipts for the relevant period. The first Statement of Residual Receipts will cover the period that begins as of Construction Completion and ends on December 31st of that same year. Subsequent statements of Residual Receipts will cover the twelve (12) month period that ends on December 31 of the prior year;

(b) A statement from the independent public accountant that audited the Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lender's Share of Residual Receipts, the City Prorata Percentage, and the County Prorata Percentage are accurate based on Gross Revenue and Annual Operating Expenses; and

(c) Any additional documentation reasonably required by the County to substantiate Borrower's calculation of the County Prorata Percentage.

The receipt by the County of any statement pursuant to subsection (a) above or any payment by Borrower or acceptance by the County of any County Loan repayment for any period does not bind the County as to the correctness of such statement or payment. The County

may audit the Residual Receipts and all books, records, and accounts pertaining thereto pursuant to Section 4.7 below.

Section 2.9 Non-Recourse.

Except as provided below, neither Borrower nor any of its partners shall have any direct or indirect personal liability for payment of the principal of, or interest on, the County Loan. Following recordation of the Deed of Trust the sole recourse of the County with respect to the principal of, or interest on, the Note will be to the Property described in the Deed of Trust; 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 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 Property.

Section 2.10 Developer Fee.

The maximum cumulative Developer Fee that may be paid to _____, in its capacity as the developer of the Development, whether paid up-front or on a deferred basis, is not to exceed _____ Dollars (\$ _____), or such other amount as approved by the County in writing. Deferred Developer Fee means the portion of Developer Fee to be paid out of Gross Revenue after completion of the construction of the Development, in the amount set forth in the Development Budget.

Section 2.11 Partner Fees.

During the Fifteen Year Compliance Period, the Limited Partner Fee is not to exceed Five Thousand Dollars (\$5,000) per year, increasing annually by three percent (3%). The Limited Partner Fee is payable from Gross Revenue and pursuant to the Partnership Agreement may accrue in any year there is insufficient Gross Revenue to make a payment in the amount set forth above. During the Fifteen Year Compliance Period, the Administrative General Partner Fee is not to exceed Fifteen Thousand Dollars (\$15,000) per year, increasing annually by three percent (3%). The Administrative General Partner Fee are payable from Gross Revenue and pursuant to the Partnership Agreement may accrue in any year there is insufficient Gross Revenue to make a payment in the amount set forth above. During the Fifteen Year Compliance Period, the Managing General Partner Fee is not to exceed Five Thousand Six Hundred Dollars

(\$5,600) per year, increasing annually by three percent (3%). The Managing General Partner Fee are payable from Gross Revenue and pursuant to the Partnership Agreement may accrue in any year there is insufficient Gross Revenue to make a payment in the amount set forth above. Any other partner fees set forth in the Partnership Agreement shall only be payable from Borrower's share of Residual Receipts.

ARTICLE 3 CONSTRUCTION OF THE IMPROVEMENTS

Section 3.1 Performance and Payment Bonds.

Prior to the proposed Commencement of Construction, Borrower shall deliver to the County copies of labor and material bonds and performance bonds for the construction of the Improvements in an amount equal to one hundred percent (100%) of the scheduled cost of the construction of the Improvements (the "Construction Bonds"). Such bonds shall: (i) be in a form reasonably acceptable to the County; (ii) be issued by a surety licensed to do business in California, named in the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department, and reasonably acceptable to the County; and (iii) name the County as a co-obligee.

Section 3.2 Commencement of Construction.

Subject to Force Majeure, Borrower shall cause the commencement of construction of the Improvements no later than July 1, 2021, or such later date that the County approves in writing. For the purposes of this Agreement, "commencement of construction" means the date for the start of physical construction of the Development, including any demolition of existing improvements, in the notice to proceed issued by Borrower to Borrower's general contractor.

Section 3.3 Completion of Construction.

Subject to Force Majeure, Borrower shall diligently prosecute construction of the Improvements to completion, and shall cause the completion of the construction of the Improvements no later than _____, 20___. Upon completion of construction Borrower shall promptly apply for a final certificate of occupancy for the Development. Upon request by the County, Borrower shall submit the final certificate of occupancy to the County Executive Officer within seven (7) days after receipt.

Section 3.4 Performance of Work Pursuant to Plans and 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, including (without limitation and where applicable) the prevailing wage provisions of Sections 1770 et seq., of the California Labor Code and implementing rules and regulations, as set forth in subsection (b) below; 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 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) Compliance with State Prevailing Wages. This Agreement has been prepared with the intention that the financial assistance provided by the County under this Agreement meets the exceptions set forth in Labor Code Section 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; provided, however, that nothing in this Agreement constitutes a representation or warranty by any party regarding the applicability of the provisions of Labor Code Section 1720 et seq. To the extent required by applicable law Borrower shall:

(1) pay, and shall cause any consultants or contractors to pay, prevailing wages in the construction of the Development as those wages are determined pursuant to California Labor Code Section 1720 et seq.;

(2) cause any consultants or contractors to employ apprentices as required by California Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"), and to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR;

(3) keep and retain, and shall cause any consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Section 1720 et seq., and apprentices have been employed are required by California Labor Code Section 1777.5 et seq.;

(4) post at the Property, or shall cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

(5) cause contractors and subcontractors constructing the Development to be registered as set forth in California Labor Code Section 1725.5;

(6) cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Development to specify that:

(A) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Development unless registered with the DIR pursuant to California Labor Code Section 1725.5; and

(B) the construction of the Development is subject to compliance monitoring and enforcement by the DIR.

(7) provide the County all information required by California Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

(8) cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

(9) cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

(c) Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the Indemnified Parties against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., to employ apprentices pursuant to Labor Code Sections 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this subsection shall survive the repayment of the Loan, and the reconveyance of the Deed of Trust.

(d) Accessibility Requirements. To the extent required by applicable law, Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973 ("Section 504"); Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations (collectively, the "Accessibility Requirements"). In compliance with Section 504, upon request from the County, Borrower shall provide the County with a certification from the Development architect that to the best of the architect's knowledge, the Development complies with all federal and state accessibility requirements applicable to the Development. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the Indemnified Parties against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its architect, contractor and subcontractors) to construct the Development in accordance with the Accessibility Requirements. The requirements in this subsection survive repayment of the Loan and the reconveyance of the Deed of Trust.

Section 3.5 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 3.6 Progress Reports.

Until such time as Borrower has completed construction of the Improvements, as evidenced by final certificate(s) of occupancy issued by Nevada City, Borrower shall provide the County with quarterly progress reports regarding the status of the construction of the Improvements, including a certification that the actual construction costs to date conform to the Development Budget, as it may be amended from time to time pursuant to Section 3.14.

Section 3.7 Construction Responsibilities.

(a) It shall be the responsibility of Borrower to coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement.

(b) Borrower shall be 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 Improvements and does not relieve Borrower, or its consultants, from any applicable requirement to obtain County approval and/or inspections.

Section 3.8 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or the Improvements or a stop notice affecting the County 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 Improvements 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 Improvements. 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 Development and Property.

Section 3.9 Inspections.

Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development by the County, HCD, and by other 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 any other required inspections in connection with the construction of the Improvements.

Section 3.10 Approved Development Budget; Revisions to Budget.

As of the Effective Date, the County has approved the Development Budget set forth in Exhibit B. Borrower shall submit any amendments to the Development Budget to the County for approval within five (5) days of the date Borrower receives information indicating that actual costs of the Development will materially vary from the costs shown on the previously approved Development Budget. Written consent of the County will be required to materially amend the Development Budget.

Section 3.11 Financial Accountings and Post-Completion Audits.

(a) No later than ninety (90) days following completion of construction of the Improvements, Borrower shall provide to the County for its review and approval an unaudited financial accounting of all sources and uses of funds for the Development.

(b) No later than one hundred twenty (120) days after Permanent Conversion, Borrower shall submit an audited financial report showing the sources and uses of all funds utilized for the Development. This requirement may be satisfied by providing the Final Cost Certification to the County. "Final Cost Certification" means the Final Cost Certification Sources and Uses of Funds prepared by Borrower for the Development that (1) Borrower submits to TCAC, and (2) has been prepared using generally accepted accounting standards in effect in the United States of America from time to time, consistently applied.

ARTICLE 4
ONGOING OBLIGATIONS

Section 4.1 Operation of Development as Affordable Housing.

(a) Promptly following the completion of construction of the Improvements, Borrower shall continuously operate and maintain the Development as multifamily housing rented to tenants and at rent levels in conformity with: (i) this Agreement; (ii) the Regulatory Agreement; and (iii) any other regulatory requirements imposed on Borrower and the Property including but not limited to the regulatory agreement associated with the Low Income Housing Tax Credits provided by TCAC.

(b) Borrower shall determine the income eligibility of each tenant household occupying a Unit pursuant to the income certification procedures set forth in the Regulatory Agreement. The maximum household income of a household occupying a Unit, and the total

charges for rent, utilities, and related services to each household occupying a Unit, shall be maintained as provided in the Regulatory Agreement.

Section 4.2 Maintenance and Damage.

(a) Maintenance. During the course of both construction and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition (subject to ordinary construction conditions). 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 written notice from the County of such a condition, or if a period longer than thirty (30) days is reasonably necessary in the County's discretion to correct the deficiency, then if Borrower has not begun to correct the deficiency within thirty (30) days and has not corrected the deficiency as soon as reasonably possible thereafter, 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 Property.

(b) Damage. Subject to the requirements of senior lenders (if any), and if economically feasible in the County's reasonable judgment after consultation with Borrower, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, use commercially reasonable efforts to 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 use commercially reasonable efforts to make up the deficiency. If Borrower does not make repairs, then any insurance proceeds collected for such damage or destruction shall be distributed as if such proceeds were Residual Receipts, subject to the rights of the Senior Lenders.

Section 4.3 Operating Budget; Information.

Borrower shall provide the following to the County: (i) by not later than thirty (30) days prior to commencement of each Development Fiscal Year for the Term, the estimated annual budget for the upcoming Development Fiscal Year for the operations of the Development which shall include projected income from all sources, projected expenses, including operating expenses, debt service, and deposits to and withdrawals from reserves (the "Annual Operating Budget"); and (ii) within one hundred twenty (120) days following the end of each Development Fiscal Year, a report showing the actual income and expenditures with respect to the Development for the immediately preceding Development Fiscal Year and the status of all reserves.

Section 4.4 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 including but not limited to Borrower's calculation of Residual Receipts. All such books, records, and accounts shall be open to and available for inspection and copying by HCD, the County, its auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall permit any duly authorized representative of HCD and/or the County to inspect and copy such records. Copies of all tax returns and other reports that Borrower may be required to furnish to any governmental agency shall at all reasonable times be open for inspection by the County at the place that the books, records and accounts of Borrower are kept. Such records shall include all invoices, receipts, and other documents related to expenditures from the County Loan funds 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 five (5) years after the creation of such records with respect to expenditure of the County Loan funds. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the County 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 4.5 Audits.

(a) Each year, Borrower shall provide the County with a copy of Borrower's annual audit, which is to include information on all of Borrower's activities and not just those pertaining to the Development.

(b) In addition, the County may, at any time, upon reasonable notice to Borrower, audit all of Borrower's books, records, and accounts pertaining to the Development including but not limited to the Residual Receipts of the Development. Any such audit is to be conducted during normal business hours at the principal place of business of Borrower and wherever records are kept. Immediately after the completion of an audit, the County shall deliver a copy of the results of the audit to Borrower.

(c) If it is determined as a result of an audit that there has been a deficiency in a loan repayment to the County then such deficiency will become immediately due and payable, with interest at the Default Rate from the date the deficient amount should have been paid. In addition, if the audit determines that Residual Receipts have been understated for any year by the greater of: (i) Five Thousand Dollars (\$5,000); and (ii) an amount that exceeds five percent (5%) of the Residual Receipts, then, in addition to paying the deficiency with interest, Borrower shall pay all of the County's costs and expenses connected with the audit and review of Borrower's accounts and records in which such error was found.

Section 4.6 Hazardous Materials.

(a) Borrower shall keep and maintain the Property (including but not limited to, soil and ground water conditions) in compliance with, and shall not cause or permit the Property to be in violation of, any Hazardous Materials Law. Borrower shall not, and shall not cause or permit the use, generation, manufacture, storage or disposal of on, under, or about the

Property or transportation to or from the Property of any Hazardous Materials except such of the foregoing as may be customarily used in construction or operation of projects like the Development or 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 any Hazardous Materials Claims, and Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property to be subject to California Health and Safety Code Section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) The County has the right to join and participate in, as a party if it so elects, and be represented by counsel of its own choice in, 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.

(d) Borrower shall indemnify and hold harmless the County and the Indemnified Parties from and against any loss, damage, cost, fine, penalty, judgment, award, settlement, expense or liability, directly or indirectly arising out of or attributable to: (i) any actual or alleged past or present violation of any Hazardous Materials Law; (ii) any Hazardous Materials Claim; (iii) any actual or alleged past or present use, generation, manufacture, storage, release, threatened release, discharge, disposal, transportation, or presence of Hazardous Materials on, under, or about the Property; (iv) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Property relating to Hazardous Materials (whether on the Property or any other property); and (v) the breach of any representation of warranty by or covenant of Borrower in this Section 4.8, and Section 5.1(l). Such indemnity shall include, without limitation: (i) all consequential damages; (ii) the costs of any required or necessary investigation, repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and expenses incurred by the County in connection with clauses (i) and (ii), including but not limited to reasonable attorneys' fees and consultant fees. This obligation to indemnify will survive termination of this Agreement and will not be diminished or affected in any respect as a result of any notice, disclosure, knowledge, if any, to or by the County of Hazardous Materials. Borrower's obligations under this section shall not extend to any violation of any Hazardous Materials Law or any Hazardous Materials Claim arising from the fraud, gross negligence or willful misconduct of the County, or arising from circumstances and events which occur after Borrower is no longer the holder of the leasehold interest in the Property.

(e) Without the County's prior written consent, which will not be unreasonably delayed or withheld, Borrower may not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, 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 is not necessary in the event that the presence of Hazardous Materials on, under, or about the Property 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: (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.

(f) 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 Property 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 Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(g) In the event that any portion of the Property 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: (i) waive its lien on such environmentally impaired or affected portion of the Property; and (ii) exercise, (1) the rights and remedies of an unsecured creditor, including reduction of its claim against Borrower to judgment, and (2) any other rights and remedies permitted by law. For purposes of determining the County's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Borrower will 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 Property and Borrower had actual knowledge or should have reasonably 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) reasonable 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 Property is environmentally impaired, plus interest thereon at the Default Rate, until paid, will be added to the indebtedness secured by the Deed of Trust and is due and payable to the County upon its demand made at any time following the conclusion of such action.

Section 4.7 Fees and Taxes.

Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or 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 4.8 Notice of Litigation.

Borrower shall promptly notify the County in writing of any litigation known to Borrower affecting Borrower or the Property, and of any claims or disputes that involve a material risk of litigation (other than routine actions related to tenant evictions).

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 any protected classification under any applicable laws, 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.

The Borrower shall maintain, throughout the Term, the applicable insurance policies as set forth in Exhibit D. In addition to all other requirements set forth in Exhibit D, the Borrower shall cause such policies to name the Lender as loss payee. The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

Section 4.11 Transfer.

(a) Definition. For purposes of this Agreement, "Transfer" shall mean 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 Borrower or 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" shall exclude the leasing of any single Unit in the Development to an occupant in compliance with the Regulatory Agreement.

(b) Prohibited Transfers. Other than the Pre-approved Transfers, no Transfer shall be permitted without the prior written consent of the County, which the County may withhold in its reasonable discretion. The County Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

(c) Permitted Transfers. A Transfer shall be permitted only after: (i) the County, in its reasonable discretion, has delivered to Borrower its prior written approval of such Transfer; and (ii) the transferee has assumed Borrower's obligations under the Loan Documents by signing an assignment and assumption agreement, in a form prepared by the County, and such other reasonable documentation as the County may reasonably require to evidence such transferee's assumption of Borrower's duties and obligations under the Loan Documents.

(d) Pre-approved Transfers. Notwithstanding the foregoing, the County hereby approves the following:

(1) Future Transfers of the limited partner interest of Borrower provided that: (A) such Transfers do not affect the timing and amount of the Investor Limited Partner capital contributions provided for in, and subject to the terms, conditions, and adjustments of the Partnership Agreement; and (B) in subsequent Transfers prior to the investment of all project equity by the Investor Limited Partner, such Transfer is to a Related Entity Investor Transferee.

(2) Transfer of the Property from the Borrower to: (i) the Managing General Partner, an entity under the Control of the Managing General Partner, or (ii) the General Partner, an entity under the Control of the General Partner (or its member), and an assumption of the County Loan by such transferee at the end of the Fifteen Year Compliance Period, or as otherwise permitted by the Investor Limited Partner, pursuant to an option or right of first refusal agreement as described in the Partnership Agreement, or related documents; provided that: (A) if such transferee is the Managing General Partner or an affiliate of the Managing General Partner, the transferee is exempt from federal income taxation pursuant to Section 501(c)(3) of the Code, (B) the transferee is under the Control of the Managing General Partner, an entity under the Control of the Managing General Partner, the General Partner, an entity under the Control of the General Partner (or its member), and (C) the transferee expressly assumes the obligations of the Borrower under the Loan Documents, utilizing a form of assignment and assumption agreement to be provided by the County, and approved by the transferee.

(3) Transfers of any interest in the Borrower from: (i) the Limited Partner to the General Partner or an affiliate of the Administrative General Partner, or RHA, (ii) the General Partner to any affiliate of the Administrative General Partner, or RHA, and (iii) the Managing General Partner to another corporation that is exempt from federal income taxation pursuant to Section 501(c)(3) of the Code, and that is reasonably acceptable to the County.

(4) In the event the Managing General Partner or the Administrative General Partner is removed by a limited partner of Borrower for cause following default under the Partnership Agreement, the County hereby approves the Transfer of the general partner interest to: (A) a corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Code, or a limited liability company whose member is a corporation exempt from federal income tax under Section 501(c)(3) of the Code, selected by the limited partner and approved by the County, which approval shall not be withheld unreasonably; or (B) the Investor Limited Partner, the Special Limited Partner, or a Related Entity Investor Transferee, but only for a period not to exceed one hundred eighty (180) days during which time such entity shall diligently seek a replacement general partner meeting the requirements of subsection (A) above,

or otherwise acceptable to the Investor Limited Partner, the Special Limited Partner, and the County (such approval not to be unreasonably withheld, delayed, or conditioned).

(5) The grant of the security interests in the Property for Development Financing.

Section 4.12 Covenants Regarding Development Financing and Partnership Agreement.

(a) Borrower shall promptly pay the principal and interest when due on any Development Financing.

(b) Borrower shall promptly notify the County in writing of the existence of any default under or any documents evidencing Development Financing, whether or not a default has been declared by the lender, and any defaults under the Partnership Agreement, and provide the County copies of any notice of default.

(c) Borrower may not materially amend, modify, supplement, cancel or terminate the Partnership Agreement, or any documents related to any loan (excluding any partner loans made pursuant to the Partnership Agreement) that is part of the Development Financing without the prior written consent of the County, except in connection with Pre-approved Transfers pursuant to Section 4.11(d).

(d) Borrower may not incur any indebtedness of any kind other than customary trade debts and Development Financing or encumber the Development with any liens (other than liens for Development Financing approved by the County) without the prior written consent of the County.

(e) In the event that any provisions of the Partnership Agreement conflict with the provisions of this Agreement, including, without limitation, the payment provisions of Section 2.7 above, then the provisions of this Agreement shall control.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties.

Borrower hereby represents and warrants to the County as follows:

(a) Organization. Borrower is a duly organized, validly existing limited partnership and is in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Borrower. Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. To the best of Borrower's knowledge, neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. To the best of Borrower's knowledge, the construction of the Improvements will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency. The use of the Loan, and the development of the Property is consistent with the Borrower's submittal pursuant to the RFP.

(g) Pending Proceedings. To the best of Borrower's knowledge, Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Property, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to repay the County Loan or impair the security to be given to the County pursuant hereto.

(h) Title to Land. At the time of recordation of the Deed of Trust, Borrower will have good and marketable fee title to the Property, and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens for current real property taxes and assessments not yet due and payable, those liens securing Development Financing, and liens in favor of the County or approved in writing by the County.

(i) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the County fairly and accurately present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Borrower from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Borrower holds sufficient funds and/or binding commitments for sufficient funds to complete the construction of the Improvements.

(k) Taxes. To the best of Borrower's knowledge, Borrower and its subsidiaries have filed all federal and other material tax returns and reports required to be filed, and have paid all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Borrower or any of its subsidiaries that could, if made, be reasonably expected to have a material adverse effect upon the Property, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of Borrower and its partners, taken as a whole, which would be expected to result in a material impairment of the ability of Borrower to perform under any Loan Document to which it is a party, or a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

(l) Hazardous Materials. To the best of Borrower's knowledge, except as disclosed in writing by Borrower to the County prior to the Effective Date: (i) no Hazardous Material has been disposed of, stored on, discharged from, or released to or from, or otherwise now exists in, on, under, or around, the Property except such of the foregoing as may be customarily used in construction of projects like the Development or kept and used in and about residential property of this type, (ii) neither the Property nor Borrower are in violation of any Hazardous Materials Law; and (iii) neither the Property nor Borrower are subject to any existing, pending or threatened Hazardous Materials Claims.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default.

Each of the following shall constitute a "Default" by Borrower under this Agreement:

(a) Failure to Satisfy Conditions. Failure to satisfy all conditions precedent to the funding of the Loan by the date set forth in Section 2.6

(b) Failure to Make Payment. Failure to make any payment when such payment is due pursuant to the Loan Documents, and failure to cure within ten (10) days following written demand from the County.

(c) Failure to Construct. Subject to Section 7.15 below, failure of Borrower to obtain permits, commence, and prosecute to completion, construction of the Development within the times set forth in Article 3 above.

(d) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents (other than obligations described in subsections (a) and (b) above), and Borrower fails to cure such default within thirty (30) days after receipt of written notice thereof from the County to Borrower and to the Investor Limited Partner and the Special Limited Partner of such failure; provided, however, that if a longer period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control. If the Investor Limited Partner or the Special Limited Partner cures an event of Default within the cure period set forth in this subsection, the County will accept such action as curing the event of Default as if such cure was performed by Borrower. If the Investor Limited Partner or the Special Limited Partner, if any, is unable to cure an event of 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 Limited Partner or the Special Limited Partner is proceeding diligently to remove the general partner of Borrower in order to effect a cure of the event of Default, the cure period shall be extended for such reasonable time as is necessary for the Investor Limited Partner or the Special Limited Partner to effect a cure of the event of Default, but in no event longer than sixty (60) days after the effective date of such removal.

(e) Default Under Other Loans. A default is declared under any Development Financing by the lender of such Development Financing (subject to the expiration of applicable notice and cure periods).

(f) 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 one-hundred twenty (120) 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.

(g) 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 one-hundred twenty (120) 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 paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Note.

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

(i) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the County or those being contested in good faith by Borrower) against the Development, the Property, or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the County 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.

(j) Condemnation. The condemnation, seizure, or appropriation of all or a substantial part of the Property and the Development, except that condemnation by the County shall cause the County Loan to accelerate but shall not be a Default.

(k) Unauthorized Transfer. Any Transfer other than as permitted by and/or pre-approved by Section 4.11.

(l) 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.

(m) Adverse Financial Condition. A material adverse change in Borrower's financial condition, or an event or condition materially impairing Borrower's ability to repay the County Loan occurs.

(n) Applicability to General Partners. The occurrence of any of the events set forth in subsection (e), subsection (f), or subsection (g) in relation to the Administrative General Partner or the Managing General Partner, provided that the occurrence of the events in subsections (e), (f), or (g) in relation to the Managing General Partner shall not be a Default so long as actions are commenced to replace the Managing General Partner in accordance with the Partnership Agreement, and thereafter promptly completed.

Section 6.2 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 County 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 County Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the County 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 County Loan. Borrower agrees to reimburse the County for any funds advanced by the County to cure a monetary default by Borrower upon demand therefor, together with interest thereon from the date of expenditure until the date of reimbursement at the Default Rate.

Section 6.3 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 6.4 Remedies Cumulative.

Subject to the non-recourse provisions contained in this Agreement, 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 6.5 Survival.

Upon termination of this Agreement those provisions of this Agreement that recite that they survive termination of this Agreement shall remain in effect and be binding upon the Parties notwithstanding such termination.

ARTICLE 7
GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any 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. In regards to the development of the Development, 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 7.2 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 7.3 Amendments.

Except as otherwise provided in connection with Operating Memoranda executed pursuant to Section 7.16 below, no alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties and approved by the Board of Supervisors.

Section 7.4 Entire Understanding of the Parties.

This Agreement, in conjunction with the Loan Documents, constitutes the entire understanding and agreement of the Parties with respect to the County Loan. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties had prepared it. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

Section 7.5 Indemnification.

Upon demand by the County, Borrower shall indemnify, defend (with counsel reasonably satisfactory to the County), and hold harmless the Indemnified Parties from and against any and

all claims, liens, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, and all costs incurred in connection therewith (including without limitation actual attorneys' fees and costs of experts and consultants) arising from: (i) Borrower's performance or non-performance of its obligations under this Agreement; (ii) Borrower's ownership or operation of the Property; or (iii) the development, construction, marketing, rental and operation of the Development or the relocation of any occupants on the Property, except for claims arising solely from the gross negligence, willful misconduct, illegal acts, or breach of this Agreement by an Indemnified Party. The provisions of this Section shall survive termination of this Agreement and the repayment of the County Loan.

Section 7.6 Non-Liability Officials, Employees and Agents.

The County is entering into this Agreement in its capacity as the administrator of the WNCRHTF. Therefore, 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 7.7 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement.

Section 7.8 Action by the County.

(a) 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 Executive Officer without further approval by the Board of Supervisors, and any such action shall be in writing. The amount of the County Loan may not be increased without approval of the Board of Supervisors.

(b) 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 Executive Officer 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.

(c) The Borrower acknowledges that the County is entering into this Agreement in its capacity as a lender (and not in a regulatory capacity), and nothing in this Agreement (including any approval by the County Executive Officer in accordance with this Agreement) shall limit, waive, or otherwise impair the authority and discretion of any other office or department of the County acting in its capacity as a governmental regulatory authority with jurisdiction over the development, use, or operation of the Development.

Section 7.9 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 7.10 Notices, Demands and Communications.

(a) Notices. Formal notices, demands, and communications between the County and the Borrower shall be in writing and shall be sufficiently given if and shall not be deemed given unless dispatched by: (i) registered or certified mail, postage prepaid, return receipt requested; (ii) delivered by reputable overnight delivery service; or (iii) delivered by facsimile or by electronic mail, with an additional copy immediately delivered by one of the methods set forth in clause (i) or (ii), to the principal office of the Parties as follows:

County: County of Nevada
Department of Child Support, Collections, Housing and
Community Services
Nevada County Health and Human Services Agency
950 Maidu Avenue
Nevada City, CA 95959
Attention: Mike Dent, Director
Fax: (530) 265-7298
E-mail: Mike.dent@co.nevada.ca.us

with a copy to: County of Nevada
Office of County Counsel
950 Maidu Avenue, Suite 240
Nevada City, CA 95959
Attention: Katharine L. Elliott
Fax: (530) 265-9840
Email: Kit.elliott@co.nevada.ca.us

Borrower: Nevada City Cashin's Field, LP

With a copy to: _____

With a copy to: _____

(b) New Address; Delivery. 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. Receipt shall be deemed to have occurred on the date shown on a written receipt for delivery or refusal of delivery.

Section 7.11 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 the County.

Section 7.12 Parties Bound.

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 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. In accordance with the Standard Agreement, the County may assign this Agreement, and the County Loan, to HCD, without the approval or consent of the Borrower.

Section 7.13 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 7.14 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics or pandemics that result in the declaration of a public health emergency by the County or similar statewide orders (provided that the impact(s) of such public health emergency could not have been reasonably anticipated, and had a material adverse impact on the Party's ability to satisfy its obligation hereunder); quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather (provided that such claim is documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated, and had a material adverse impact on the Party's ability to satisfy its obligation hereunder); inability to secure necessary labor, materials or tools (despite the Borrower's good faith and commercially reasonable efforts to obtain); acts of the other Party; acts or failure to act of any public or governmental agency or entity (other than the acts or failure to act of the County); or any other causes (other than Borrower's inability to obtain financing for the Property) beyond the control or without the fault of the Party claiming an extension of time to perform (collectively, "Force Majeure"). 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 thirty (30) days

from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within thirty (30) days after receipt of the notice. Times of performance under this Agreement may also be extended in writing by the County and the Borrower. Notwithstanding the foregoing, in no event shall: (a) the County be required to agree to cumulative delays in excess of one hundred eighty (180) days; or (b) any delay, regardless of cause, be deemed to waive, limit, or otherwise amend Borrower's obligation to repay the Loan, in accordance with Loan Documents.

Section 7.15 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 7.16 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 Executive Officer. 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 shall be processed as an amendment of this Agreement in accordance with Section 7.3, and must be approved by the Board of Supervisors.

Section 7.17 Time is of the Essence.

Time is of the essence in this Agreement and the Loan Documents. All references to days in this Agreement are calendar days, unless explicitly referenced as a Business Day. The number of days specified in any provision of this Agreement shall be counted by excluding the first day and including the last day, unless the last day is a not a Business Day, in which case it shall be excluded. Any act required by this Agreement to be performed by a certain day is timely performed if completed before 5:00 p.m. local time on that date. If the day for performance of any obligation under this Agreement is not a Business Day, then the time for performance of that obligation is extended to 5:00 p.m. local time on the first day following that is a Business Day.

Section 7.18 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. This Agreement shall become effective when the Parties have duly executed and delivered signature pages of this Agreement to each other. Delivery of this Agreement shall be effectuated by electronic communication (including by PDF sent by electronic mail, facsimile or similar means of electronic communication). Any signatures (including electronic signatures) delivered by electronic communication shall have the same legal effect as physically delivered original signatures.

Remainder of Page Left Intentionally Blank

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

BORROWER:

NEVADA CITY CASHIN'S FIELD, LP a California limited partnership

By: Nevada City Cashin's Field, LLC,
a California limited liability company,
its Administrative General Partner

By: Central California Housing Corporation, a
California corporation, its Member/Manager

By: _____
Austin Herzog
President

By: Cashin's Field-BBP, LLC, a California limited liability company, its Managing General Partner

By: Building Better Partnerships, Inc., a
California nonprofit public benefit
corporation, its Sole Member and Manager

By: _____
Gustavo Becerra
President

Signatures continue on following page

COUNTY:

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

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM AND LEGALITY

By: _____
County Counsel

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B
DEVELOPMENT BUDGET

EXHIBIT C

SUMMARY OF FUNDING SOURCES FOR COUNTY LOAN

\$	135,508	Grass Valley PLHA
\$	78,865	Nevada City PLHA
\$	306,319	Nevada County PLHA
\$	402,316	County GF
\$	787,500	State Match
\$	1,575,000	Total

EXHIBIT D

INSURANCE REQUIREMENTS

For the purposes of this Exhibit, the term "Contractor" shall be deemed to mean the "Borrower".

Insurance. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees. Coverage shall be at least as broad as:

- i. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- vii. **Automobile Liability** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage. The Automobile Liability policy shall be endorsed to include Transportation Pollution Liability insurance MCS-90, covering materials to be transported by Contractor pursuant to the contract.
- viii. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. **(Not required if contractor provides written verification it has no employees).**
- x. **Professional Liability** (Errors and Omissions) Insurance covering **design and engineering** error and omission with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the County.

Other Insurance Provisions:

The insurance policies are to contain, or be endorsed to contain, the following provisions:

- i. **Additional Insured Status: The County, the City of Nevada City, the City of Grass Valley, and each of their respective officers, employees, agents, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of the work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 25, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used.)

- ii. **Primary Coverage** For any claims related to this contract, the **Contractor's insurance shall be primary** insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects the Indemnified Parties. Any insurance or self-insurance maintained by the County, its officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
- iii. **Notice of Cancellation** This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Nevada.
- iv. **Waiver of Subrogation** Contractor hereby grants to County a waiver of any right to subrogation which any insurer or said Contractor may acquire against the County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the County has received a waiver of subrogation endorsement from the insurer.
 - v. **Sole Proprietors** If Contractor is a Sole Proprietor and has no employees, they are not required to have Workers Compensation coverage. Contractor shall sign a statement attesting to this condition, and shall agree they have no rights, entitlements or claim against County for any type of employment benefits or workers' compensation or other programs afforded to County employees.
- vi. **Deductible and Self-Insured Retentions** Deductible and Self-insured retentions must be declared to and approved by the County. The County may require the Contractor to provide proof of ability to pay losses and related investigations, claims administration, and defense expenses within the retention. The Policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or County.
- vii. **Acceptability of Insurers:** Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the County.
- viii. **Claims Made Policies** if any of the required policies provide coverage on a claims-made basis:
 - a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
 - b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
 - c. If the coverage is canceled or non-renewed, and not replaced with another **claims-made policy form with a Retroactive Date**, prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of **five (5)** years after completion of contract work.
- ix. **Verification of Coverage** Contractor shall furnish the County with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the

Declarations and Endorsement Page of the CGL policy listing all policy endorsements to County before work begins. However, failure to obtain and provide verification of the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

- x. **Subcontractors** Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that County is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format at least as broad as CG 20 38 04 13.
- xi. **Special Risks or Circumstances** County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
- xii. **Conformity of Coverages** If more than one policy is used to meet the required coverages, such as an umbrella policy or excess policy, such policies shall be following form with all other applicable policies used to meet these minimum requirements. For example, all policies shall be Occurrence Liability policies or all shall be Claims Made Liability policies, if approved by the County as noted above. In no cases shall the types of policies be different.
- xiii. **Premium Payments** The insurance companies shall have no recourse against the COUNTY and funding agencies, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by a mutual insurance company.
- xiv. **Material Breach** Failure of the Contractor to maintain the insurance required by this Contract, or to comply with any of the requirements of this section, shall constitute a material breach of the entire Contract.
- xv. **Certificate Holder** The Certificate Holder on insurance certificates and related documents should read as follows:

County of Nevada
950 Maidu Ave.
Nevada City, CA 95959

Upon initial award of a contract to your firm, you may be instructed to send the actual documents to a County contact person for preliminary compliance review.

Certificates which amend or alter the coverage during the term of the contract, including updated certificates due to policy renewal, should be sent directly to Contract Administrator.

PROMISSORY NOTE
(Cashin's Field)

\$1,575,000

Nevada City, California
_____ 1, 2021

FOR VALUE RECEIVED, Nevada City Cashin's Field, LP, a California limited partnership (the "Borrower"), promises to pay to the County of Nevada, a political subdivision of the State of California (the "County"), in its capacity as the administrator of the Western Nevada County Regional Housing Trust Fund (the "WNCRHTF"), or order, the principal sum of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000), disbursed by the County to the Borrower pursuant to that certain Construction and Permanent Loan Agreement dated as of _____ 1, 2021, as may be amended or implemented from time to time (collectively, the "Loan Agreement"), or so much as is disbursed to Borrower, 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 County the principal amount of One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) (the "Loan" or the "County Loan"), for the funds loaned to the Borrower by County to finance the development of the Property pursuant to the Loan Agreement. All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Interest. The outstanding principal balance of this Note shall bear simple interest at the rate of three percent (3%) per annum; provided, however, if an Event of Default occurs, interest on the principal balance shall begin to accrue, as of the date of the Event of Default (following expiration of applicable notice and cure periods), and continuing until such time as the Loan funds are repaid in full or the Event of Default is cured, at the default rate of ten percent (10%) compounded annually, or the highest rate permitted by law (whichever is lower).

3. Term and Repayment Requirements.

(a) The term of this Note (the "Term") shall commence on the date set forth above and shall expire on the earliest of: (i) on the fifty-fifth (55th) anniversary of the Completion Date; (ii) if a record of the Completion Date cannot be located or established, the fifty-seventh (57th) anniversary of the date set forth above, or (ii) the date of an Event of Default as provided in Section 3(b) below.

(b) Subject to the provisions of subsection (d) below, all principal and interest, if any, on the Loan shall, at the option of the County, be due and payable upon the earliest of: (i) a Transfer other than a Transfer permitted or approved by the County as provided in the Loan Agreement; (ii) the occurrence of an Event of Default for which the County exercises its right to cause the County Loan indebtedness to become immediately due and payable; or (iii) the expiration of the Term.

(c) The Borrower shall make annual repayments of the County Loan in an amount equal to the County Prorata Percentage of Residual Receipts, solely to the extent Residual Receipts exist, in accordance with the Loan Agreement.

(d) The Borrower shall have the right to prepay the County Loan at any time without penalty or additional charge.

4. No Assumption. This Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the County, except as otherwise set forth in the Loan Agreement. In accordance with the Standard Agreement, the County may assign this Note to HCD without any consent or approval by Borrower.

5. Security. This Note is secured by a Construction Deed of Trust, with Assignment of Rents, Security Agreement, and Fixture Filing (collectively, the "Deed of Trust") of even date herewith, wherein the Borrower is Trustor and the County is the Beneficiary, recorded against the Borrower's fee interest in the Property.

6. Terms of Payment.

(a) 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) All payments on this Note shall be paid to the County at the following address: County of Nevada, Department of Child Support, Collections, Housing and Community Services, Nevada County Health and Human Services Agency, 950 Maidu Avenue, Nevada City, CA 95959, or to such other place as the County may from time to time designate in writing.

(c) All payments on this Note shall be without expense to the County, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of the County, incurred in connection with the payment of this Note and the release of any security hereof.

(d) 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 County may legally charge under the laws of the State of California, then the amount by which payments exceeds 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.

7. Default.

(a) 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 when due following written notice by the County of such failure and ten (10) days opportunity to cure;

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

(b) Upon the occurrence of such an Event 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 County become immediately due and payable upon written notice by the County to the Borrower without further demand.

(c) The 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 the County 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 County, except as and to the extent otherwise provided by law.

8. Waivers.

(a) 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 County may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

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

(c) 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) All notices to the County or the Borrower shall be given in the manner and at the addresses set forth in Section 7.10 of the Loan Agreement, or to such addresses as the County and the Borrower may hereinafter designate.

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

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

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

(f) This Note, together with the Loan Agreement, the Deed of Trust, and any other applicable Loan Document, contain the entire agreement between the Parties as to the Loan.

(g) This Note is subject to the non-recourse provision, and the limitations thereto, as set forth in Section 2.9 of the Loan Agreement.

Signatures on Following Page

Borrower has executed this Note as of the date first written above.

BORROWER:

NEVADA CITY CASHIN'S FIELD, LP a California limited partnership

By: Nevada City Cashin's Field, LLC,
a California limited liability company,
its Administrative General Partner

By: Central California Housing Corporation, a
California corporation, its Member/Manager

By:

Austin Herzog
President

By: Cashin's Field-BBP, LLC, a California limited liability company, its Managing General Partner

By: Building Better Partnerships, Inc., a
California nonprofit public benefit
corporation, its Sole Member and Manager

By:

Gustavo Becerra
President