

TO THE MEMBERS OF THE CITY COUNCIL / SUCCESSOR AGENCY / HOUSING AUTHORITY FOR THE CITY OF STANTON AND TO THE CITY CLERK / SECRETARY:

NOTICE IS HEREBY GIVEN that a Special Meeting of the City Council / Successor Agency / Housing Authority for the City of Stanton is hereby called by the Mayor / Chairman, to be held on November 17, 2020, commencing at 5:00 p.m. at 7800 Katella Avenue, Stanton, CA 90680.

The Agenda for the Special Meeting is attached to this Notice and Call.

Dated: November 16, 2020

s/ Patricia A. Vazquez, City Clerk / Secretary

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### **SAFETY ALERT – NOTICE REGARDING COVID-19**

The President, Governor, and the City of Stanton have declared a State of Emergency as a result of the threat of COVID-19 (aka the “Coronavirus”). The Governor also issued Executive Order N-25-20 that directs Californians to follow public health directives including cancelling all large gatherings. Governor Newsom also issued Executive Order N-29-20 which lifts the strict adherence to the Brown Act regarding teleconferencing requirements and allows local legislative bodies to hold their meetings without complying with the normal requirements of in-person public participation. Pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20 the November 17, 2020, Joint Special City Council Meeting will be held telephonically.

The health and well-being of our residents is the top priority for the City of Stanton and you are urged to take all appropriate health safety precautions. To that end, out of an abundance of caution the City of Stanton is eliminating in-person public participation. Members of the public wishing to access the meeting will be able to do so telephonically.

**In order to join the meeting via telephone please follow the steps below:**

1. Dial the following phone number +1 (669) 900-9128 US (San Jose).
2. Dial in the following **Meeting ID: (818 6002 0893)** to be connected to the meeting.

**ANY MEMBER OF THE PUBLIC WISHING TO PROVIDE PUBLIC COMMENT FOR ANY ITEM ON THE AGENDA MAY DO SO AS FOLLOWS:**

E-Mail your comments to [pvazquez@ci.stanton.ca.us](mailto:pvazquez@ci.stanton.ca.us) with the subject line “PUBLIC COMMENT ITEM #” (*insert the item number relevant to your comment*). Comments received no later than 4:00 p.m. before the meeting (*Tuesday, November 17, 2020*) will be compiled, provided to the City Council, and made available to the public before the start of the meeting. Staff will not read e-mailed comments at the meeting. However, the official record will include all e-mailed comments received until the close of the meeting.

The Stanton City Council and staff thank you for your continued patience and cooperation during these unprecedented times. Should you have any questions related to participation in the City Council Meeting, please contact the City Clerk’s Office at (714) 890-4245.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE OFFICE OF THE CITY CLERK AT (714) 890-4245. NOTIFICATION BY 24 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.



**AGENDA  
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY  
JOINT SPECIAL MEETING**

**7800 KATELLA AVENUE, STANTON, CA 90680  
TUESDAY, NOVEMBER 17, 2020 - 5:00 P.M.**

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***In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (714) 890-4245. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.***

*The City Council agenda and supporting documentation is made available for public review and inspection during normal business hours in the Office of the City Clerk, 7800 Katella Avenue, Stanton California 90680 immediately following distribution of the agenda packet to a majority of the City Council. Packet delivery typically takes place on Thursday afternoons prior to the regularly scheduled meeting on Tuesday. The agenda packet is also available for review and inspection on the city's website at [www.ci.stanton.ca.us](http://www.ci.stanton.ca.us).*

- 1. CLOSED SESSION**      **None.**
  
- 2. CALL TO ORDER**
  
- 3. PLEDGE OF ALLEGIANCE**
  
- 4. ROLL CALL**      Council / Agency / Authority Member Ramirez  
                                 Council / Agency / Authority Member Taylor  
                                 Council / Agency / Authority Member Van  
                                 Mayor Pro Tem / Vice Chairperson Warren  
                                 Mayor / Chairman Shawver

#### **SPECIAL ORDERS OF THE DAY**

- 5. NEW BUSINESS**
  
- 5A. HOMEKEY PROGRAM INTERIM AND PERMANENT SUPPORTIVE HOUSING MATCHING GRANT AND REGULATORY AGREEMENTS FOR STANTON INN AND SUITES AND TAHITI MOTEL**

Requested is the City Council's approval of two (2) Homekey Program matching grant and regulatory agreements (together, the "Agreements") to affiliates of Jamboree Housing Corporation (together, "Jamboree") for the development of the Stanton Inn & Suites ("Stanton Inn") and the Tahiti Motel ("Tahiti Motel" and together with the Stanton Inn, the "Hotels") for interim and permanent supportive housing over the next five (5) and fifty-five (55) years (together, the "Housing Projects"), respectively.

## **RECOMMENDED ACTION:**

1. City Council and Authority Board declare that the project is exempt from the California Environmental Quality Act (“CEQA”), because nothing in the Agreements is intended to commit Jamboree to complete a particular project or to commit the City or its Housing Authority (together, the “City”) to grant any approval, and the City’s approval of the Agreements does not constitute approval of any development of the projects described therein or of other activity on the respective sites of the Hotels that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).) Even assuming, however, that approval of the Agreements triggered CEQA review, the projects would be both: (1) categorically exempt, because they involve conversion of the existing Hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301); and (2) statutorily exempt under California Public Resources Code § 21080.50; and
2. Approve the Agreements, and authorize the City Manager, in his capacity as Director of the Housing Authority, to execute the Agreements and authorize the transfer of funds to Jamboree as contemplated by the Agreements.

## **6. ADJOURNMENT**

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 24 hours prior to the meeting. Dated this 16<sup>th</sup> day of November, 2020.

s/ Patricia A. Vazquez, City Clerk/Secretary

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## CITY OF STANTON

### REPORT TO CITY COUNCIL AND HOUSING AUTHORITY

**TO:** Honorable Mayor and Members of the City Council and Housing Authority

**DATE:** November 17, 2020

**SUBJECT: HOMEKEY PROGRAM INTERIM AND PERMANENT SUPPORTIVE HOUSING MATCHING GRANT AND REGULATORY AGREEMENTS FOR STANTON INN AND SUITES AND TAHITI MOTEL**

#### **REPORT IN BRIEF:**

Requested is the City Council's approval of two (2) Homekey Program matching grant and regulatory agreements (together, the "Agreements") to affiliates of Jamboree Housing Corporation (together, "Jamboree") for the development of the Stanton Inn & Suites ("Stanton Inn") and the Tahiti Motel ("Tahiti Motel" and together with the Stanton Inn, the "Hotels") for interim and permanent supportive housing over the next five (5) and fifty-five (55) years (together, the "Housing Projects"), respectively.

#### **RECOMMENDED ACTION:**

1. City Council and Authority Board declare that the project is exempt from the California Environmental Quality Act ("CEQA"), because nothing in the Agreements is intended to commit Jamboree to complete a particular project or to commit the City or its Housing Authority (together, the "City") to grant any approval, and the City's approval of the Agreements does not constitute approval of any development of the projects described therein or of other activity on the respective sites of the Hotels that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (See 14 C.C.R. §§ 15060(c); 15378(b).) Even assuming, however, that approval of the Agreements triggered CEQA review, the projects would be both: (1) categorically exempt, because they involve conversion of the existing Hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301); and (2) statutorily exempt under California Public Resources Code § 21080.50; and
2. Approve the Agreements, and authorize the City Manager, in his capacity as Director of the Housing Authority, to execute the Agreements and authorize the transfer of funds to Jamboree as contemplated by the Agreements.

## DISCUSSION:

On October 13, 2020, the City Council, at a joint regular meeting, approved a funding commitment in the amount of \$5 million from the Housing Authority to Jamboree in support of the Housing Projects contemplated under each of the respective Agreements and directed the City Manager to execute funding commitment letters memorializing the same and to submit final funding agreements to the City Council for approval at a future meeting. Below are the salient terms for each of the Agreements:

### Stanton Inn Agreement:

- **Site address:** 7161 Katella Avenue, Stanton, CA 90680
- **Lot size:** approx. 1.02 acres
- **Proposed development:** Rehabilitation of Stanton Inn for use as 72-unit affordable residential rental complex. Initial operation for, at most, five (5) years as interim housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic, then for the following fifty-five (55) years as permanent supportive housing. During permanent supportive housing period, up to 49% of units to be restricted for affordable housing for households earning less than 80% of area median income. The rest of the units will be restricted as affordable housing under other regulatory agreements by other funding sources, including the State's Homekey Program
- **Grant amount:** \$3,038,562.00
- **Grant purpose:** For operating expenses during interim housing period (*i.e.*, up to first five (5) years)
- **Grant disbursement schedule:** Five (5) annual installments. First (1<sup>st</sup>) installment disbursed at Jamboree's closing of acquisition of the Stanton Inn and leasehold interest in the site, in prorated amount from the date of said closing until June 30, 2021, and each installment thereafter to occur on or about July 1 of each year for five (5) years
- **Grant oversight:** Jamboree must, within thirty (30) days of the end of each fiscal year (or prorated year, as applicable) for which it received grant funds, provide interim written report showing (a) all expenses incurred on the project, to which grant funds were applied in the prior year (or prior prorated year); and (b) comparison of such expenses against line items in the project budget. At the end, Jamboree must, within sixty (60) days, provide a final written report to the City with the same contents for the entirety of the five (5) years, plus prorated time
- **Default remedies:** If Jamboree commits event of default that remains uncured, the City may do any of the following: (a) to the extent the grant has not yet been disbursed, refuse to advance all or any part of the grant; (b) to the extent the grant has not yet been disbursed, wholly or partially suspend or terminate the award of the grant; (c) wholly or partially suspend or terminate the agreement by giving at least thirty (30) days' advance written notice to Jamboree; and (d) require Jamboree to repay any or all of the grant funds. The City may, to the extent not already disbursed, temporarily withhold disbursement of grant proceeds pending correction of default by Jamboree.

## Tahiti Motel Agreement:

- **Site address:** 11850 Beach Boulevard, Stanton, CA 90680
- **Lot size:** approx. 1.45 acres
- **Proposed development:** Initial rehabilitation of Tahiti Motel and relocation of existing residents for use as 60-unit affordable residential rental complex. Initial operation for, at most, five (5) years as interim housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic, then, after additional rehabilitation, for the following fifty-five (55) years as permanent supportive housing. During permanent supportive housing period, up to 49% of units to be restricted for affordable housing for households earning less than 80% of area median income. The rest of the units will be restricted as affordable housing under other regulatory agreements by other funding sources, including the State's Homekey Program
- **Grant amount:** \$1,961,438.00
- **Grant purpose:** For expenses associated with initial rehabilitation and relocation during interim housing period (*i.e.*, up to first five (5) years)
- **Grant disbursement schedule:** Monthly installments with initial disbursement to occur by no later than November 30, 2020 and to cover eligible expenses incurred in connection with close of escrow and Jamboree's acquisition of the Tahiti Motel
- **Grant oversight:** Jamboree must submit two (2) reports – one after approximately six (6) months of first disbursement and another after one year of first disbursement, showing (a) all expenses incurred on the project, to which grant funds were applied in the prior six-month period / entire year period for second report; and (b) comparison of such expenses against line items in the project budget.
- **Default remedies:** [*same as Stanton Inn Agreement*].

## **FISCAL IMPACT:**

The Housing Authority Fund (Low and Moderate Income Housing Fund) has sufficient cash on hand to fund the Agreements.

## **ENVIRONMENTAL IMPACT:**

In accordance with the requirements of the CEQA, this project has been determined to be not a project under Section 15061(b)(3).

## **PUBLIC NOTIFICATION:**

Public notice for this item was made through the regular agenda process.

**STRATEGIC PLAN:**

- 1 - Provide for a Safe Community
- 5 – Provide a High Quality of Life
- 6 – Maintain and Promote a Responsive, High Quality and Transparent Government

Prepared by:

s/ Jarad L. Hildenbrand

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Jarad L. Hildenbrand  
City Manager

Finance:

s/ Michelle Bannigan

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Michelle Bannigan, CPA  
Finance Director

Approved By:

s/ Jarad L. Hildenbrand

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Jarad L. Hildenbrand  
City Manager



# **Attachment: A**

## **AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT**

**by and between**

**STANTON HOUSING AUTHORITY,  
a public body, corporate and politic,**

**and**

**JHC-BEACH2 LLC,  
a California limited liability company**

**No table of contents entries found.**

ATTACHMENTS

- 1 LEGAL DESCRIPTION OF SITE
- 2 REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS
- 3 PROJECT BUDGET
- 4 SCHEDULE OF PERFORMANCE
- 5 GRANTEE'S PRO FORMA
- 6 CERTIFICATE OF OCCUPANCY
- 7 CERTIFICATE OF COMPLETION

## **AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT**

This AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_, \_\_\_\_\_, 2020, by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic (“Authority”), and JHC-BEACH2 LLC, a California limited liability company (“Grantee”).

### **RECITALS**

A. Grantee seeks to acquire that certain sixty (60) unit motel known as the Tahiti Motel, located at 11850 Beach Boulevard, Stanton, CA 90680 (“Motel”), which occupies approximately 1.45 acres of land area and is more particularly described in the legal description attached hereto as Attachment No. 1 (“Site”).

B. Grantee desires to initially operate the Motel for, at most, five (5) years as Interim Housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic, and thereafter Grantee intends to rehabilitate the Motel and then for the following fifty-five (55) years to operate the Motel as Permanent Supportive Housing, as more particularly described in the Regulatory Agreement attached hereto as Attachment No. 2 and incorporated herein by reference (the “Project”). If there are on-site and/or off-site improvements, they will be called out in the Project development and building plans and permits to be approved by Authority.

C. Authority desires to assist Grantee in the initial rehabilitation of the Motel and relocation of current residents of the Motel to prepare it for Interim Housing, by providing financial assistance to Grantee in the form of a Homekey matching grant in the amount not to exceed One Million Nine Hundred Sixty-One Thousand Four Hundred Thirty-Eight Dollars (\$1,961,438.00) for certain initial rehabilitation and relocation expenses associated with the Project (“Authority Grant”).

D. As of \_\_\_\_\_, 2020, County of Orange entered into a standard agreement (STD 213) with the California Department of Housing and Community Development (“HCD”), pursuant to Health and Safety Code section 50675.1.1, which is the statutory basis for the Homekey Program (“Homekey” or “Program” and the agreement, the “Homekey Agreement”). Under the Homekey Agreement, HCD disbursed to the County certain funds for the acquisition, rehabilitation and operation of the Project. The Authority now desires to provide the Authority Grant as matching funds to assist with the Project.

E. In accordance with Article XXXIV of the California Constitution and Government Code section 37001(a), only 49% of the units in the Motel will be restricted to 80% Low Income Households during the Permanent Supportive Housing Period for purposes of the Authority Grant funds. Notwithstanding the foregoing, Government Code section 37001(h) exempts all development costs of acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, for housing under the Homekey Program from the restrictions of

Article XXXIV and therefore, all units in the Hotel will be restricted to 80% Low Income Households during the Permanent Supportive Housing Period under other regulatory agreements.

F. The Project is in the best interests of the Authority and the health, safety and welfare of the residents of the City, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

## COVENANTS

Based upon the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Authority and Grantee hereby agree as follows:

### 1. DEFINITIONS.

The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

1.1 “Affordable Rent” shall mean a cost not in excess of that which may be charged the applicable household in conformity with the Prescribed Rent Levels and Tenant Mix, during the Permanent Supportive Housing Period. Notwithstanding the foregoing, however, Grantee is required to ensure applicable affordability restrictions follow the more restrictive limits based on funding sources.

1.2 “Agreement” shall mean this Affordable Housing Grant and Regulatory Agreement between Authority and Grantee, including all exhibits and other documents attached hereto.

1.3 “Area Median Income or AMI for Orange County” means the most recent applicable county family income published by California Tax Credit Allocation Committee (TCAC).

1.4 “Authority” shall mean the Stanton Housing Authority, a public body, corporate and politic, established on January 10, 2012 pursuant to City of Stanton Resolution No. 2012-03, in accordance with Health and Safety Code Section 34200 *et seq.*, and having its offices at 7800 Katella Avenue, Stanton, CA 90680.

1.5 “City” shall mean the City of Stanton, a municipal corporation, organized under the laws of the State of California and having its offices at 7800 Katella Avenue, Stanton, CA 90680.

1.6 “Authority Grant” shall mean the grant in the amount not to exceed the sum of One Million Nine Hundred Sixty-One Thousand Four Hundred Thirty-Eight Dollars (\$1,961,438.00) to be provided by Authority to Grantee for Grantee’s payment of the Eligible Grant Expenses, as more fully explained in Section 2 of this Agreement.

1.7 “Effective Date” shall mean the date this Agreement is approved by Authority, which date shall be inserted in the preamble to this Agreement.

1.8 “Eligible Grant Expenses” shall mean expenses incurred by Grantee for (1) rehabilitation of the Motel for purposes of preparing the Motel for operation as Interim Housing, (2) conversion of units from nonresidential to residential in the Motel, (3) purchase of affordability covenants and restrictions for units, (4) relocation costs (in accordance with the Relocation Laws) for individuals who are being displaced as a result of Interim Housing rehabilitation of existing units, and (5) any other uses as set forth at Health and Safety Code section 50675.1.1, subdivision (a). Eligible Grant Expenses do not include expenses that have already been funded through other sources.

1.9 “Funding Conditions” shall mean the conditions set forth in Section 2.4 of this Agreement that must be satisfied prior to Authority providing the Authority Grant to Grantee.

1.10 “Funding Conditions Satisfaction Date” shall mean the date on which all of the Funding Conditions are actually satisfied or waived by the Authority.

1.11 “Grantee” shall mean JHC-Beach LLC, a California limited liability company. The term “Grantee” includes any legally permissible assignee or successor to the rights, powers, and responsibilities of Grantee hereunder, in accordance with Section 7.3 of this Agreement.

1.12 “HCD” means the California Department of Housing and Community Development.

1.13 “Interim Housing” shall mean any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.

1.14 “Interim Housing Period” shall mean the period commencing from the date on which Grantee obtains a Certificate of Occupancy, a form of which is attached hereto as Attachment No. 6, until the date when the last Interim Housing resident is relocated to prepare the Motel for rehabilitation and operation as Permanent Supportive Housing. During The Interim Housing Period, which period shall not be for longer than five (5) years, Grantee shall develop and operate the Motel as Interim Housing.

1.15 “Permanent Supportive Housing” shall mean permanent housing with no limit on the length of stay that is occupied by 80% Low Income Households, according to the requirements and restrictions set forth in Health and Safety Code Section 34176.1(a)(3), and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community, pursuant to Health and Safety Code Section 50490.

1.16 “Permanent Supportive Housing Period” shall mean the period commencing from the date Grantee records in the Official Records of Orange County a Certificate of Completion, a form of which is attached hereto as Attachment No. 7, until the day that is fifty-five (55) years from that day, during which time Grantee shall develop and operate the Motel as Permanent Supportive Housing.

1.17 “Prevailing Wage Action” shall mean any of the following: (a) any determination by the California Department of Industrial Relations that prevailing wage rates should have been

paid, but were not; (b) any determination by the California Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid; (c) any administrative or legal action or proceeding arising from any failure to comply with the Federal Davis-Bacon Act (codified as 40 U.S.C. §§ 3141 *et seq.*) or California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including maintaining certified payroll records; or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity.

1.18 “Prescribed Rent Levels and Tenant Mix” shall mean, based upon all Project funding sources, the following: Following expiration of the Interim Housing Period, and during the Permanent Supportive Housing Period, all units shall be made available and occupied by Low Income Households earning 80% or less of Area Median Income, as circumscribed by Health and Safety Code Section 34176.1(a)(3), as follows: eighteen (18) units shall be made available and occupied by 80% Low Income Households earning thirty percent (30%) or less of Area Median Income, adjusted for household size; twenty-nine (29) units shall be made available and occupied by 80% Low Income Households earning sixty percent (60%) or less of Area Median Income, adjusted for household size; and eleven (11) units shall be made available and occupied by 80% Low Income Households earning eighty percent (80%) or less of Area Median Income, adjusted for household size.

1.19 “Project” shall mean the acquisition of the Motel and existing improvements on the Site, the relocation, pursuant to the Relocation Laws, of all residents of the Motel who are ineligible for Interim Housing, the rehabilitation and operation of the Motel as Interim Housing for not longer than the Interim Housing Period, and subsequent to such use, the relocation, pursuant to the Relocation Laws, of all Interim Housing residents of the Motel who are ineligible for Permanent Supportive Housing, and the rehabilitation of the Motel into a sixty (60)-unit apartment project to be used for Permanent Supportive Housing for 80% Low Income Households, with landscaping, driveways, and related improvements, and all other on-site and off-site improvements required for such rehabilitation, with all improvements to be consistent with the development and building plans and permits to be approved by Authority. In the event of any inconsistency between the description of the Project in this Agreement and the approved plans and permits, the approved plans and permits shall govern.

1.20 “Project Budget” shall mean the cost estimates for Grantee’s development of the Project set forth in Attachment No. 3 to this Agreement. The Project Budget may not be materially changed without the prior written approval of Authority, which shall not be unreasonably withheld or delayed (a material change is a change that causes the total Project costs to increase or decrease from what is shown in the Project Budget or that causes any line item in the Project Budget to increase or decrease by more than 10%). Any changes to the Project Budget, whether or not requiring the approval of Authority, shall be submitted to Authority. If the Project Budget is revised as permitted herein, all references herein to the “Project Budget” shall be deemed to refer to the revised Project Budget.

1.21 “Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Covenants and Restrictions between Authority and Grantee regulating the operation and maintenance of the Site, in the form attached hereto as Attachment No. 2.

1.22 “Relocation Laws” shall mean California Government Code Sections 7260 through 7277 (as implemented by California Code of Regulations, Title 25, Section 6000 *et seq.*).

1.23 “Schedule of Performance” shall mean that certain Schedule of Performance attached hereto as Attachment No. 4 setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be performed.

1.24 “Site” shall mean that certain real property located in the City of Stanton, more particularly described in the legal description attached hereto as Attachment No. 1.

1.25 “Target Population” shall mean individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

1.26 “80% Low Income Households” shall mean households earning not greater than eighty percent (80%) of the Area Median Income for Orange County.

## 2. FINANCING.

2.1 Amount, Source, and Deadline for Use of Authority Grant. In order to assist in the operation of the Motel as Interim Housing for the Target Population, and thereafter for the rehabilitation and operation of the Motel for use as Permanent Supportive Housing for 80% Low Income Households within the territorial limits of the City, Authority shall, subject to the terms and conditions set forth herein, and provided Grantee is not in default of this Agreement, provide Grantee financial assistance in the form of a grant not to exceed the sum of One Million Nine Hundred Sixty-One Thousand Four Hundred Thirty-Eight Dollars (\$1,961,438.00) (“Authority Grant”). The source of the Authority Grant is the City of Stanton Housing Authority Fund. Any Authority Grant funds that have not been expended within twelve (12) months following the date of the first disbursement of a portion of the Authority Grant to Grantee (the “Expenditure Deadline”) must be returned to the Authority with accrued interest at a rate of 10% per annum from the date due to the date paid. Any such funds returned by check shall be made payable to the Authority and shall be mailed to the Authority at the address set forth in Section 7.2, no later than thirty (30) calendar days after the Expenditure Deadline.

2.2 Permissible Use of Authority Grant; Eligible Grant Expenses. Pursuant to all of the terms and conditions of this Agreement, Grantee shall be permitted to use the Authority Grant proceeds only for the Eligible Grant Expenses that are actually and reasonably incurred by Grantee and approved by Authority (such approval not to be unreasonably withheld or delayed), and for no other purpose.

2.3 Authority Grant Funding Conditions. Notwithstanding any other provision of this Agreement to the contrary, Authority shall have no obligation to disburse any of the Authority Grant proceeds to Grantee unless all of the following conditions (collectively the “Funding Conditions”) are satisfied:

(a) *Execution and Delivery of Documents.* Grantee shall have executed and delivered to Authority or County all documents necessary to secure the Homekey funding.

(b) *Demonstration of Sufficient Funding.* Grantee shall provide documentation to Authority demonstrating that it has commitments for sufficient funding for the entire Project.

(c) *Subordination Agreement.* Authority shall have approved the form of any subordination agreements, if any.

(d) *Insurance.* Grantee shall have provided to Authority evidence of the insurance required under Section 3.7 of this Agreement.

(e) *No Default.* Grantee shall not be in default of any of its obligations set forth in this Agreement, and there shall be no event which, with the passage of time or the giving of notice, would constitute a default.

In the event that all of the Funding Conditions are not satisfied on or before November 30, 2020, or such earlier time period as provided for herein, or such later deadline as may be mutually approved in writing by Authority and Grantee in the sole and absolute discretion of each of them, either party not in default may terminate this Agreement by delivering written notice to the other party. No termination under this Agreement shall release either party then in default from liability for such default.

2.4 Disbursements of Authority Grant. Provided Grantee is not in default of this Agreement, from and after the Funding Conditions Satisfaction Date, Authority shall disburse funds from the Authority Grant to Grantee on a monthly basis, with the initial disbursement to occur by no later than November 30, 2020, which initial disbursement shall include funds necessary to cover Eligible Grant Expenses incurred in connection with the close of escrow and Grantee's acquisition of the Property. Grantee shall submit to Authority itemized statements, with such supporting information as Authority may reasonably require, documenting all of Grantee's costs eligible to be considered in calculating the Eligible Grant Expenses, including invoices, contracts, or similar documentation. Authority shall calculate and approve the amount of Grantee's Eligible Grant Expenses. Approval of the amount determined by Authority shall be made by Authority, in Authority's reasonable discretion, within thirty (30) days after Grantee's submission of its completed payment request. Any disapproval of a payment amount shall be provided to Grantee in writing (including the specific reasons for such disapproval) within thirty (30) days after Authority has received information necessary to make the determination that the payment amount cannot be approved and must be returned by Grantee.

Authority's obligation to make disbursements of the Authority Grant proceeds to Grantee on a monthly basis (or any other frequency the parties may agree to in writing) shall be contingent and conditional upon Grantee's continuing satisfaction and the timely performance of all of its obligations under this Agreement. Upon the occurrence of any event which, with the lapse of time or the giving of notice or both, would constitute a default under this Agreement, Authority may at any time thereafter and while such event remains uncured, withhold or stop payment of any pending amount until all such defaults are cured to the reasonable satisfaction of Authority. Further, following expiration of any applicable cure period, Authority may demand return of (and Grantee shall return) amounts paid until all such defaults are cured to the reasonable satisfaction of Authority.



In the event the Eligible Grant Expenses for which any disbursement of Authority Grant funds are advanced are not incurred by Grantee within thirty (30) days after Authority's disbursement, or such longer time as Authority approves in its sole discretion, Authority shall have the right to require that Grantee return such Authority Grant proceeds to Authority. In addition, if it is determined, as a result of an audit or otherwise, that any of the disbursements of Authority Grant proceeds were improper or made for expenditures not eligible for payment, Grantee shall immediately repay to Authority the amounts of such disbursements, with accrued interest at a rate of 10% per annum from the date Authority provides notice until the date paid.

Grantee shall, within thirty (30) days of the date that is six (6) months prior to the Expenditure Deadline (the "Halfway Point") provide an interim written report to Authority showing, at a minimum, (a) all Eligible Grant Expenses incurred on the Project as of the Halfway Point, to which Authority Grant funds were applied; and (b) a comparison of such expenses against line items in the Project Budget. Grantee shall, thereafter, within sixty (60) days after the Expenditure Deadline provide a final written report to Authority with the same minimum contacts as set forth in the immediately preceding sentence for the entirety of the twelve (12) months.

Notwithstanding the foregoing, Authority shall have the right to contract with a third party, including without limitation an escrow company to disburse the Authority Grant proceeds to Grantee.

2.5 Execution and Delivery of Documents. No later than five (5) days after the date the Funding Conditions in subparagraphs (b)-(d) in Section 2.3 are satisfied, Grantee shall deliver to Authority the Regulatory Agreement, executed and acknowledged by Grantee. Within five (5) days after the Funding Conditions Satisfaction Date and prior to Authority's disbursement of any Authority Grant proceeds to Grantee, Authority shall execute the Regulatory Agreement and shall cause the Regulatory Agreement to be recorded in the Official Records of Orange County, California.

2.5.1 Funding Sources. From and after the date of this Agreement, Grantee shall exercise commercially reasonable efforts to obtain financing for the development of the Project. Grantee intends to utilize financing from a variety of sources for the Project.

2.5.2 Subordination. The Executive Director shall have the authority to execute and deliver subordination agreements as he or she determines are commercially reasonable and consistent with the purpose and effect of this Agreement. In connection therewith, the Regulatory Agreement implements the affordability requirements imposed under the entitlements and must be senior to all financing unless otherwise agreed to by Executive Director or designee in his or her reasonable discretion. Notwithstanding anything in this Agreement or in the Regulatory Agreement to the contrary, Authority agrees to negotiate in good faith any subordination agreement that seeks to subordinate the Regulatory Agreement, including the affordability requirements thereunder, to the security instruments securing the construction and permanent financing, and any refinancing thereof, obtained by Grantee or by the limited partnership established by Grantee to undertake the Project and operate the Motel.

2.5.3 Notice of Default to Construction Lender and Investor Limited Partner or Limited Liability Company; Right to Cure. Whenever Authority shall deliver any notice or demand to Grantee with respect to any default by Grantee under this Agreement (each, a “Notice”), Authority shall at the same time deliver a copy of such Notice to any lender or funding source that has provided Authority written request for such notice or demand. The other lenders or funding sources for the Project shall (insofar as the rights of Authority are concerned) have the right, within ninety (90) days after receipt of the Notice, to cure or remedy any such default. The Authority shall further give the investor limited partner or limited liability company in Grantee the following notice and cure rights:

(a) The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner’s address provided in a notice by Grantee to the Authority) that the Authority gives to Grantee under this Agreement, provided that Grantee has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

(b) The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner’s receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

(c) The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner’s or limited liability company’s receipt of such Notice to cure any other default under this Agreement;

(d) If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

(e) If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Grantee.

2.5.4 Right of the Authority to Cure Default. In the event of a default or breach by the Grantee, Grantee shall promptly deliver to Authority a copy of any notice of default or breach received from any other lender or funding source and Authority may, but shall not be required to, cure the default without acceleration of the subject loan following prior notice thereof to the Grantee. In such event, Grantee shall be liable for, and Authority shall be entitled to reimbursement from Grantee within ten (10) days of written demand, of all costs and expenses associated with and attributable to the curing of the default, including any default consisting of a breach of this Agreement by the Grantee, which are incurred by Authority. Any sums which become due to Authority from Grantee under the provisions of this Section 2.5.4 shall constitute a lien on the Site, effective upon recordation by Authority or Authority’s authorized agent of a notice of lien (“Notice of Lien”) concerning nonpayment of any sum due hereunder, the lien priority of which shall be the date the Notice of Lien is recorded in the Official Records of Orange County, California. The Notice of Lien shall state (i) the amount due, which amount shall

include interest at the rate of 10% per annum from the date due to the date paid, and shall also include the cost of preparing and recording the Notice of Lien, (ii) the expenses of collection in connection with any nonpayment, including without limitation reasonable attorneys' fees, (iii) a description of the Site, (iv) the name and address of Authority, (v) the name of Grantee, and (vi) in order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by Authority to enforce the lien by sale. The lien established pursuant to this section may be enforced by sale of the Site by Authority, Authority's attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of Grantee to pay any sum due pursuant to this Agreement within 30 days after recordation of the Notice of Lien. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. Authority, through its agents, shall have the power to bid on the Site at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for any amounts due under this Agreement shall be maintainable without foreclosing or waiving any lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section shall include reasonable attorneys' fees as fixed by the court.

### 3. DEVELOPMENT OF THE PROJECT.

3.1 Scope of Development. The Project shall consist of the acquisition of the Motel and existing improvements on the Site, use of the Site as Interim Housing during the Interim Housing Period, followed by relocation of all residents of the Motel pursuant to Relocation Laws and rehabilitation of the Motel to an income-qualified Permanent Supportive Housing rental project with parking, landscaping, lighting, signage, and other amenities, and all other on-site and off-site improvements required for operation of the Site, with all such improvements, following rehabilitation, to be first class in architectural design and quality, compliant with state and federal laws regarding adaptability and accessibility by persons with disabilities, and consistent with the development and building plans and permits to be approved by Authority (provided, however, that nothing herein shall represent, warrant, or guarantee that Authority shall approve any of such plans and permits). The Project shall provide for a maximum of fifty-eight (58) total units to be set aside for Interim Housing, with conversion to Permanent Supportive Housing.

3.2 Development Standards. Grantee agrees to design a project that meets all applicable development standards in the Stanton Municipal Code ("SMC").

3.3 No Commitment to Development. The Parties agree that nothing in this Agreement is intended to commit the Grantee to complete a particular project or to commit the Authority to grant any approval. The Authority's approval of this Agreement does not constitute approval by the Authority of any development of the Project or of other activity on the Site that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (*See* 14 C.C.R. §§ 15060(c); 15378(b).) Even assuming however that approval of this Agreement triggered CEQA review, the Project would be both: (1) categorically exempt, because it involves conversion of an existing motel into interim and permanent supportive housing and will involve

negligible or no expansion of use (*see* 14 C.C.R. § 15301); and (2) statutorily exempt under California Public Resources Code § 21080.50.

3.4 Final Plans. Within the time set forth in the Schedule of Performance, Grantee shall submit to Authority for review and approval a complete set of final plans and specifications for the Project (“final plans”). The final plans and drawings shall contain all information required to obtain all necessary grading and building permits required for the Project. Authority shall exercise reasonable diligence to complete its review of the final plans within forty-five (45) days after a complete submittal. Any disapproval shall be in writing and shall state the reasons therefor. Upon receipt of a disapproval, Grantee shall, within twenty (20) days, revise or correct the final plans as necessary to conform to Authority requirements. The same procedures and requirements shall apply to subsequent submittals and reviews until the final plans are finally approved by Authority.

3.5 Schedule of Performance. Subject to the force majeure provisions of Section 7.9, Grantee shall commence, prosecute, and complete the Project within the time set forth in the Schedule of Performance. Rehabilitation work shall be continuously and diligently pursued to completion and shall not be abandoned for more than five (5) consecutive days, except when due to causes beyond the control and without the fault of Grantee, as set forth in Section 7.9 of this Agreement. During the course of rehabilitation, Grantee shall, if requested by Authority, provide to Authority monthly written reports on the progress of work. Pursuant to the Schedule of Performance, Grantee shall apply for a Certificate of Completion. FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES IN THE SCHEDULE OF PERFORMANCE FOLLOWING NOTICE AND EXPIRATION OF THE APPLICABLE CURE PERIOD WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND AN EVENT OF DEFAULT, AND SHALL ENTITLE THE AUTHORITY TO MANDATE THE GRANTEE TO RETURN TO THE AUTHORITY ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE AUTHORITY MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

3.6 Compliance with Permits and Laws. Grantee shall carry out the design, construction and operation of the Project in conformity with this Section 3 and all applicable federal, state, and local laws, including the Authority zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Stanton Municipal Code, all applicable disabled and handicapped access requirements, and all environmental mitigation measures imposed as conditions of approval of the Project. In addition, Grantee shall carry out the construction of the Project and the development of the Site in conformity with all applicable federal and state labor laws (including, without limitation, the requirement under California law to pay prevailing wages and hire apprentices). With respect to Grantee’s redevelopment of the Site and construction of the Project, Grantee acknowledges and agrees that it shall be required to, and shall be required to cause all of its contractors and their contractors to, pay prevailing wages in compliance with California Labor Code Section 1770 et seq., and shall be responsible for the keeping of all records required pursuant to Labor Code Section 1770 et seq., including but not limited to Labor Code Section 1776, and complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto. Grantee acknowledges and agrees that it shall be independently responsible for reviewing the applicable laws and regulations with respect to the payment of

prevailing wages and complying therewith. Upon any request by Authority, Grantee shall provide a true and correct copy of such payroll records as are required under applicable state law. In addition to any other Grantee indemnifications of Authority set forth in this Agreement, Grantee shall indemnify, defend, and hold Authority and its officers, officials, members, employees, agents, and representatives harmless from and against any liability, loss, damage, cost or expenses (including but not limited to reasonable attorneys' fees, expert witness fees, court costs, and costs incurred related to any inquiries or proceedings) arising from or related to (a) the noncompliance by Grantee of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and hire apprentices); (b) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (c) failure by Grantee to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Project, including, without limitation, any and all public works (as defined by applicable law), Grantee shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 3.6, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by Grantee. Grantee shall be solely responsible for determining and effectuating compliance with such laws. Grantee hereby expressly acknowledges and agrees that Authority has not previously affirmatively represented to Grantee or its contractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a "public work," as defined in Section 1720 of the Labor Code.

3.7 Insurance. During the Interim Housing Period, Grantee shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Grantee shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Grantee shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- (a) shall be primary insurance and not contributory with any other insurance which Authority may have;

- (b) shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- (c) shall be “date of occurrence” and not “claims made” insurance;
- (d) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability;
- (e) shall provide that the policy will not be cancelled by the insurer or Grantee unless there is a minimum of thirty (30) days prior written notice to Authority;
- (f) shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- (g) shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Grantee shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Grantee’s Contractor carries workers’ compensation insurance as required by law.

Grantee agrees that the provisions of this Section 3.7 shall not be construed as limiting in any way the extent to which Grantee may be held responsible for the payment of damages to any persons or property resulting from Grantee’s activities or the activities of any person or persons for which Grantee is otherwise responsible. No later than five (5) days after the Effective Date, Grantee shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority’s sole and absolute discretion. Evidence of builder’s risk coverage may be provided after Grantee receives all necessary construction financing.

3.8 Right of Access. Authority and its officers, officials, employees, agents and representatives shall have the right of access to the Site, upon reasonable prior written notice, without charges or fees, for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in connection with the Project, so long as Authority representatives comply with all safety rules and do not interfere with, delay or interrupt Grantee’s construction activities. It is understood that Authority does not by this right of access assume any responsibility or liability for a negligent inspection or failure to inspect.

3.9 Grantee Responsible for Cost of Development. Except to the extent Authority has specifically agreed to provide the Authority Grant pursuant to Section 2, Grantee shall be responsible for all costs of developing the Project, including but not limited to predevelopment costs incurred for items such as planning, design, engineering, and environmental remediation;

all development and building fees; the cost incurred to perform all necessary rehabilitation work; relocation expenses payable to occupants of the Site as required; costs for insurance and bonds (as required); costs for financing; all on-site construction costs; costs for any necessary public improvements; and legal fees.

3.10 Indemnity. Grantee shall defend, indemnify, assume all responsibility for, and hold Authority and their officers, officials, members, employees, agents, and representatives harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to (a) any damages to property or death or injuries to persons (including reasonable attorneys' fees and costs and expert witness fees), which may be caused by any acts or omissions of Grantee under this Agreement, whether such activities or performance of this Agreement be by Grantee or by anyone directly or indirectly employed or contracted with by Grantee and whether such damage shall accrue or be discovered before or after termination of this Agreement, or (b) any litigation, administrative or adjudicative challenge by third parties to the validity, applicability, interpretation or implementation of this Agreement, or the certification or approval of the environmental document(s) with respect to the Project and this Agreement, (c) any default of this Agreement by Grantee, or (d) any activities or conditions in, on or under the Site. Notwithstanding the foregoing, Grantee's indemnification obligations in this Section 3.10 shall not apply to the extent any of such matters are caused by the active negligence or willful misconduct of Authority or its officers, officials, members, employees, agents, or representatives acting in an official capacity.

3.11 Relocation Indemnification. Grantee shall have the sole and exclusive responsibility for providing relocation assistance and paying all relocation costs required to comply with all applicable federal and state laws, rules, and regulations, including but not limited to the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, and the implementing regulations thereto codified in California Code of Regulations, Title 25, Chapter 6, Section 6000, *et seq.* (collectively, the "Relocation Laws"). Any relocation shall be performed in accordance with a relocation plan approved by Authority. Grantee shall indemnify, defend, and hold Authority harmless from and against any alleged or actual claims, liabilities, damages, remedies, causes of action, demands, losses, and other liabilities made against them related to (1) Compliance with the Relocation Laws; (2) displacement or benefits owed to tenants on the Site including without limitation claims for relocation assistance and inverse condemnation; and (3) any other compensation of whatever kind or nature arising from current or prior occupancy or use of the Motel or Site, and/or any move, displacement, relocation therefrom.

#### 4. USE OF SITE; AFFORDABILITY COVENANTS.

Grantee and its successors and assigns shall use, operate, and maintain the Site as an affordable rental housing project in accordance with the provisions of this Agreement and the Regulatory Agreement. The Regulatory Agreement provides that the Project will serve as Interim Housing for the Target Population for at most a period of five (5) years, and thereafter, the Project shall be converted to Permanent Supportive Housing with the Regulatory Agreement providing for all of the units in the Project to be rented to income-qualified tenants at Affordable Rents, as that term is defined herein and in the Regulatory Agreement, for fifty-five (55) years.

## 5. OPERATING STANDARDS

5.1 Selection of Tenants. The Authority desires that the Project serve as many local residents and those working in the City of Stanton who are members of the Target Population (during the Interim Housing Period) and who are 80% Low Income Households (during the Permanent Supportive Housing Period) as possible. To that end, the Grantee shall employ its best efforts to provide information to the Authority regarding the availability of the units and provide guidance and instructions to interested local parties. Grantee shall be responsible for the selection of tenants for the units in compliance with this Agreement and consistent with the Prescribed Rent Levels and Tenant Mix. To the greatest extent legally allowable, preference will be afforded to members of the Target Population (during the Interim Housing Period) and to 80% Low Income Households (during the Permanent Supporting Housing Period) – who are residents of the City or who are verifiably living or employed within City limits. Grantee shall conduct due diligence and background evaluation of all prospective tenants, including, without limitation, a criminal background check and third-party verification of Target Population status (during Interim Housing Period) and income (during Permanent Supportive Housing Period), to evaluate references, credit worthiness, and related qualifications.

5.2 Occupancy Limits. To the greatest extent allowed by law, the maximum occupancy of the units shall not exceed more than two persons. All units in the housing complex at the Site shall be studio / efficiency units.

5.3 Income of Tenants. During the Permanent Supportive Housing Period, each person or family qualifying to occupy one of the units shall do so at the appropriate Affordable Rent, based on the most restrictive limits of Grantee's funding sources, which meets the eligibility requirements established for the corresponding unit, and Grantee shall obtain a certification from each tenant renting or leasing each unit which substantiates such fact.

5.4 Property Manager. Grantee shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County. Grantee may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee) in his or her reasonable discretion. During the Permanent Supportive Housing Period, the Property Manager shall manage the Project in accordance with the definitions of Affordable Rent herein, the tenant selection requirements contained in Section 5.1, and the definitions relating to income contained in Section 5.3. Grantee shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Grantee prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director.



Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Grantee and/or the selection by Grantee of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Grantee, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to select a suitable replacement property manager; provided, however, that in no event shall such temporary management continue for longer than sixty (60) days.

5.5 Property Management Plan. Within the time set forth in the Schedule of Performance, Grantee shall prepare and submit to the Executive Director for review and approval, a management plan for the Project which must include a detailed plan and strategy for long term marketing, operation, maintenance, repair and security of the Project, inclusive of social services for the residents of the units, on-site parking policies, and the method of selection of tenants, rules and regulations for tenants, and other rental policies for the Project (“Property Management Plan”). The Executive Director shall review and shall act reasonably to approve or disapprove the Property Management Plan within a reasonable time. During the Term, Grantee and its Property Manager may from time to time submit to the Executive Director proposed material amendments to the Property Management Plan, the implementation of which shall also be subject to the prior written approval of the Executive Director.

5.6 Code Enforcement. Grantee acknowledges and agrees that the Authority, and its employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours’ prior notice, except in an emergency) to Grantee and/or an individual tenant. If such notice is provided by Authority representative(s) to Grantee, then Grantee (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Grantee shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

## 6. DEFAULTS AND REMEDIES.

6.1 Defaults-General. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such party shall not be deemed to be in default if (a) it cures, corrects, or remedies such default within thirty (30) days after receipt of a written notice from the other party specifying such failure or delay, or (b) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other party specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion, within an additional sixty (60) days following the conclusion of such thirty (30) day period (for a total of ninety (90) days). If the defaulting party requires more time to cure, correct, or remedy the default, the parties will

negotiate in good faith to determine a mutually agreeable extended deadline. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

6.2 Institution of Legal Actions. In addition to any other rights or remedies, either Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

6.3 Additional Authority Remedies. In addition to any other rights or remedies available at law or in equity, upon a default of Grantee, Authority may do any of the following: (a) to the extent the Authority Grant has not yet been disbursed by Authority to Grantee, refuse to advance all or any part of the Authority Grant; (b) to the extent the Authority Grant has not yet been disbursed by Authority to Grantee, wholly or partially suspend or terminate the award of the Authority Grant; (c) wholly or partially suspend or terminate this Agreement by giving at least 30 days' advance written notice to Grantee; and (d) require Grantee to repay any or all of the Authority Grant funds. Upon the occurrence of an event which, with the passage of time or the giving of notice, would constitute a default of Grantee, Authority may, to the extent not already disbursed, temporarily withhold disbursement of Authority Grant proceeds pending correction of the default by Grantee. Any termination by the Authority of the Agreement will not limit any other remedies that may be available to the Authority under this Agreement, at law, or in equity.

6.4 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

## 7. GENERAL PROVISIONS.

7.1 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs of suit, including appeals, from the losing party.

7.2 Notices. All notices to be delivered under this Agreement to the other party shall be addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other parties hereto:

To Authority:

Stanton Housing Authority  
7800 Katella Avenue  
Stanton, CA 90680  
Attention: Jarad Hildenbrand, Executive Director  
Facsimile: (714) 890-1443  
Email: [jhildenbrand@ci.stanton.ca.us](mailto:jhildenbrand@ci.stanton.ca.us)  
To Grantee:

JHC-Beach2 LLC  
c/o Jamboree Housing Corporation  
17701 Cowan Avenue, Suite 200  
Irvine, CA 92614  
Attention: Vicky Rodriguez, Senior Director  
Facsimile: (949) 263-0647  
Email: [vrodriquez@jamboreehousing.com](mailto:vrodriquez@jamboreehousing.com)

Copy to:

Best Best & Krieger LLP  
18101 Von Karman Avenue  
Irvine, CA 92612  
Attention: Elizabeth Hull, Esq.  
Facsimile: (949) 260-0972  
Email: [elizabeth.hull@bbklaw.com](mailto:elizabeth.hull@bbklaw.com)  
Copy to:

Rutan & Tucker LLP  
18575 Jamboree Road, 9<sup>th</sup> Floor  
Irvine, CA 92612  
Attention: Patrick D. McCalla, Esq.  
Facsimile: (714) 546-9035  
Email: [pmccalla@rutan.com](mailto:pmccalla@rutan.com)

Notices personally delivered; delivered through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email are acceptable forms of notice. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.

7.3 Assignment and Transfer by Grantee. The qualifications and identity of Grantee are of particular concern to Authority. It is because of those qualifications and identity that Authority has provided financial assistance to Grantee and entered into this Agreement with Grantee. Accordingly, Grantee shall not, whether voluntarily, involuntarily, or by operation of law, undergo any significant change in ownership or assign all or any part of this Agreement or any rights hereunder or in the Site or in the Project except as approved by the Authority. In considering whether it will grant approval to any assignment by Grantee of its interest in the Site and this Agreement, Authority shall consider factors such as the financial strength and capability of the proposed transferee to perform Grantee's obligations hereunder and the proposed assignee's experience and expertise in the planning, financing, development and operation of similar projects. Notwithstanding the foregoing, the following transfers shall be permitted hereunder without the prior consent of Authority:

- (a) Any transfer to a lender: as collateral for construction financing to pay all or any part of the rehabilitation costs; or as collateral for a permanent loan or refinancing;
- (b) Any transfer resulting from the foreclosure or deed in lieu of foreclosure of a security instrument for a loan from a lender to the Project;

- (c) Any transfer of stock or equity in the entity that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax;
- (d) The lease of residential units in the Project consistent with the Regulatory Agreement;
- (e) Any transfer of this Agreement and Grantee's leasehold interest in the Property to a limited partnership in which a general partner is the Grantee or its affiliate and the managing general partner is a 501(c)(3) tax exempt nonprofit or its affiliate;
- (f) The transfer and sale of limited partnership interests in Grantee while Grantee is in the form of a limited partnership;
- (g) In the event that any general partner of Grantee, while Grantee is in the form of a limited partnership, is removed by the limited partner of such limited partnership for cause following default under the partnership agreement, the transfer of the general partner interest to a 501(c)(3) tax exempt nonprofit corporation or its affiliate selected by the limited partner and approved by the Authority, which approval shall not be withheld unreasonably, delayed or conditioned;
- (h) The transfer of the Project from Grantee, while Grantee is in the form of a limited partnership, to one or more of the general partners of Grantee or their affiliates at the end of the tax credit compliance period for the Project; and
- (i) Any dilution of a general partner's interest in Grantee while Grantee is in the form of a limited partnership, in accordance with Grantee's limited partnership agreement.

7.4 Binding on Heirs. This Agreement shall be binding upon the parties hereto and their respective heirs, representatives, transferees, successors, and assigns.

7.5 Entire Agreement, Waivers, and Amendments. This Agreement incorporates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements, oral or written, between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. Any amendment or modification to this Agreement must be in writing and executed by Authority and Grantee.

7.6 Interpretation; Governing Law. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without regard to such state's conflict of law principles.

7.7 Authority. The person(s) executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

7.8 Non-liability of Authority Officials and Employees. No member, official, employee, or contractor of Authority shall be personally liable to Grantee in the event of any default or breach by Authority or for any amount which may become due to Grantee or on any obligations under the terms of this Agreement.

7.9 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth in this Section 7.9, performance by either party hereunder shall not be deemed to be in default and such party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the reasonable control and without the fault of such party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of the public enemy; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of the other party; acts or the failure to act of Authority or any other public or governmental agency or entity (except that any act or failure to act of or by Authority shall not excuse performance by Authority). Notwithstanding the foregoing, Grantee's inability to secure satisfactory financing, interest rates, and market and economic conditions shall not entitle Grantee to an extension of time to perform. An extension of time for any cause permitted under this Section 7.9 shall be limited to the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other party.

Times of performance under this Agreement may be extended by mutual written agreement of Authority and Grantee.

7.10 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted

by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

7.11 Representations and Warranties. Grantee and each person executing this Agreement on behalf of Grantee represents and warrants that: (a) Grantee is a California limited liability company in good standing and authorized to do business in the State of California; (b) Grantee has all requisite power and authority to carry out its business as now and whenever conducted and to enter into and perform its obligations under this Agreement and the agreements attached to this Agreement; (c) by proper action of Grantee, Grantee's signatories have been duly authorized to execute and deliver this Agreement; (d) the execution of this Agreement by Grantee does not violate any provision of any other agreement to which Grantee is a party; and (e) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by Grantee are necessary in connection with the execution of this Agreement by Grantee or with the performance by Grantee of its obligations hereunder.

7.12 Authority Contract Administration. The Executive Director for the Authority (or his or her authorized representative) shall administer this Agreement on behalf of Authority and shall have the authority to issue interpretations, waive provisions, extend deadlines, enter into amendments of, and terminate this Agreement on behalf of Authority, subject to Authority Board approval whenever applicable under Authority policy or law.

7.13 Execution in Counterpart. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

7.14 Attachments. Attachment Nos. 1-7 attached to this Agreement are incorporated herein by this reference and made a part hereof. Said Attachments are identified as follows:

ATTACHMENT NO. 1	LEGAL DESCRIPTION OF SITE
ATTACHMENT NO. 2	REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS
ATTACHMENT NO. 3	PROJECT BUDGET
ATTACHMENT NO. 4	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 5	GRANTEE'S PRO FORMA
ATTACHMENT NO. 6	CERTIFICATE OF OCCUPANCY
ATTACHMENT NO. 7	CERTIFICATE OF COMPLETION

[signatures on following page]

IN WITNESS WHEREOF, Authority and Grantee have executed this Agreement as of the date set forth above.

“AUTHORITY”

STANTON HOUSING AUTHORITY, a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

“GRANTEE”

JHC-BEACH2 LLC, a California limited liability company

By: Jamboree Housing Corporation, a California nonprofit public benefit corporation,

Its: Manager

By: \_\_\_\_\_  
Laura Archuleta, President and CEO

**ATTACHMENT NO. 1**

**LEGAL DESCRIPTION OF SITE**

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

THE SOUTH 100.00 FEET OF THAT PORTION OF LOT 13 IN SECTION 25 OF THE "MAP SHOWING RESURVEY OF J.W. BIXBY & CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS" IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 2 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHERLY OF THE SOUTH 20 ACRES OF SAID LOT AND WESTERLY OF THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE EAST 10 ACRES OF SAID SOUTH 20 ACRES.

APN 131-241-12



**ATTACHMENT NO. 2**

**REGULATORY AGREEMENT AND DECLARATION  
OF COVENANTS AND RESTRICTIONS**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Stanton  
7800 Katella Avenue  
Stanton, CA 90680  
Attn: City Manager

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SPACE ABOVE FOR RECORDER'S USE ONLY  
EXEMPT FROM RECORDING FEE PER  
GOVERNMENT CODE §27383

**REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)**

**by and between**

**STANTON HOUSING AUTHORITY,  
a public body, corporate and politic,**

**and**

**JHC-BEACH2 LLC,  
a California limited liability company**

**[Dated as of \_\_\_\_\_, 2020 for reference purposes only]**

**REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)**

This REGULATORY AGREEMENT (Tahiti Motel Affordable Housing Project) (“**Regulatory Agreement**”) is made and entered into as of \_\_\_\_\_, 2020, by and between STANTON HOUSING AUTHORITY, a public body, corporate and politic, (“**Authority**”) and JHC-BEACH2 LLC, a California limited liability company (“**Owner**”).

RECITALS

A. The Authority and the Owner entered into that certain Affordable Housing Grant and Regulatory Agreement (Tahiti Motel Affordable Housing Project) dated as of \_\_\_\_\_ (the “**Affordable Housing Agreement**”), which provides that the Authority will grant certain funds to the Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority has agreed to provide financial assistance to the Owner for use for initial rehabilitation and relocation expenses following Owner’s acquisition of the 60-unit Motel and the initial use thereof by the Owner for Interim Housing, followed by Owner’s rehabilitation of the Motel and use as a 60-unit multifamily Permanent Supportive Housing residential development (the “**Project**”).

B. The Authority and the Owner desire that, following the initial Interim Housing Period (which period shall not exceed five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Households at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement and continuing for (i) at most five (5) years as Interim Housing, then (ii) for fifty (55) years following the recordation of a Certificate of Completion vis-à-vis readiness of the Motel for operation as Permanent Supportive Housing (“**Term**”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period. Thereafter, the Project will be converted to Permanent Supportive Housing for the subsequent fifty-five (55) years of the Term.

C. Pursuant to this Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Site shall be rented to income-qualified tenants at Affordable Rents pursuant to this Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

1.1. 80% Low Income Household. An individual or household that has a household income equal to or less than eighty percent (80%) of then current AMI adjusted for household size, as published by HCD annually.

1.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

1.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

1.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

1.5. Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

1.6. Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Permanent Supportive Housing to 80% Low Income Households, in compliance with the terms and conditions of this Regulatory Agreement.

1.7. Authority Parties. Collectively, the Authority and its subcommittees, agents, attorneys, officers, employees, and authorized representatives.

1.8. HCD. The California Department of Housing and Community Development.

1.9. HUD. The United States Department of Housing and Urban Development.

1.10. Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable

income certification form required by HCD or other governmental agencies.

1.11. Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.12. Manager Unit. The two (2) Units within the Project reserved exclusively for use by the on-site manager employed by the Owner or the Property Manager, as applicable.

1.13. Project. The operation of a multi-family rental housing project which shall include not less than sixty (60) units, all but two (2) of which shall be occupied by individuals from the Target Population, during the Interim Housing Period of the Term, and then rented to Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

1.14. Property. Approximately 1.45 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

1.15. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.16. Qualified Households. A household that (1) intends to reside in the Motel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed the maximum income allowable for the subject unit.

1.17. Term. The period of time following the date of recordation of this Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

1.18. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

2. Reservation of Property for Affordable Housing. During the Permanent Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. Two (2) Units within the Project may be used as Manager's Units at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

3. Affordable Multi-Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not knowingly or recklessly permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.

7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit set forth in Section 1.2. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit as necessary to maintain the tenant income mix specified in Section 6.

7.2. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease. In any event, if the income category of a Qualified Household upon recertification is different from the previous income of the Qualified Household, the Owner or Property Manager shall rent the next available unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 6.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying

units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, including any Manager's Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. The Owner shall submit its first Annual Report to the Authority on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to the Authority. The Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel.

8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.



8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender

identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director . Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the

Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, the Executive Director and/or the Authority shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director . If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority’s right to remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) to remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director’s selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term “Gross Mismanagement” shall mean management of the Project in a manner which violates the terms of this Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. Knowingly or recklessly leasing a unit (other than the two Manager’s Units) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be discovered

by the Property Manager initially through the exercise of ordinary and customary due diligence);

- 11.2.2. Knowingly or recklessly allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws;
- 11.2.3. Under-funding required reserve accounts;
- 11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan, after written notice and expiration of the applicable cure period;
- 11.2.5. Failing to submit timely and/or complete annual reports to the Authority as required herein;
- 11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- 11.2.7. Failing to timely correct any violation issued by the Orange County Sheriff's Department (the entity currently providing law enforcement services to the Authority) or other local law enforcement agency(ies) with jurisdiction over the Project after being provided a written notice of such violation of law;
- 11.2.8. Failing to timely correct any violation issued by the Orange County Fire Authority or other local public safety agency(ies) with jurisdiction over the Project after being provided a written notice of such violation of law; and
- 11.2.9. Failing to timely correct any violation issued by a local health and safety enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection

right.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits, may include the following services: after school programs of an ongoing nature for school age children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates making any changes to Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. Grantee shall also provide to the Authority, an annual an Economic Mobility Report ("Report"). This Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- 11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;
- 11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- 11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;
- 11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

- 11.5.1.5. shall provide that the policy will not be cancelled by the insurer or Grantee unless there is a minimum of thirty (30) days prior written notice to Authority;
- 11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- 11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for

damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are

available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current “Best’s Key Rating Guide—Property/Casualty—United States & Canada” publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of “A-” and a minimum financial size category of “XI” (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above (“**Maintenance Deficiency**”), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. “Maintenance Deficiency” includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall



become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty

Dollars (\$250) per unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's

actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of the Owner's actions to conduct Repairs result in displacement of any of the Units' residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement . The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

#### 15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall

constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an “**Event of Default**” hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement, after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to

enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

JHC-Beach2, LLC  
c/o Jamboree Housing Corporation  
17701 Cowan Avenue, Suite 200  
Irvine, CA 92614  
Attention: Vicky Rodriguez, Senior Director  
Facsimile: (949) 263-0647  
Email: vrodriguez@jamboreehousing.com

*With copies to:*

Rutan & Tucker, LLP  
18575 Jamboree Road, 9<sup>th</sup> Floor  
Irvine, CA 92612  
Attention: Patrick D. McCalla, Esq.  
Facsimile: (714) 546-9035  
Email: pmccalla@rutan.com

To the Authority:

Stanton Housing Authority  
7800 Katella Avenue  
Stanton, CA 90680  
Attention: Jarad Hildenbrand, Executive Director  
Facsimile: (714) 890-1443  
Email: [jhildenbrand@ci.stanton.ca.us](mailto:jhildenbrand@ci.stanton.ca.us)

*With copies to:*

Best Best & Krieger LLP  
18101 Von Karman Avenue  
Irvine, CA 92612  
Attention: Elizabeth Hull, Esq.  
Facsimile: (949) 260-0972  
Email: [elizabeth.hull@bbklaw.com](mailto:elizabeth.hull@bbklaw.com)

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any approvals) or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be

deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not provided otherwise in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes in the number or affordability of the units so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

**[Signatures on following pages]**



**AUTHORITY SIGNATURE PAGE  
TO  
REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)**

**AUTHORITY:**

STANTON HOUSING AUTHORITY,  
a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**OWNER SIGNATURE PAGE  
TO  
REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)**

**OWNER:**

JHC-BEACH2, LLC,  
a California limited liability company

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Laura Archuleta, President and CEO

ATTACHMENT NO. 1  
TO  
REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)

**Property Legal Description**

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

THE SOUTH 100.00 FEET OF THAT PORTION OF LOT 13 IN SECTION 25 OF THE "MAP SHOWING RESURVEY OF J.W. BIXBY & CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS" IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 2 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHERLY OF THE SOUTH 20 ACRES OF SAID LOT AND

WESTERLY OF THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE EAST 10 ACRES OF SAID SOUTH 20 ACRES.

APN 131-241-12

ATTACHMENT NO. 2  
TO  
REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)

**Certification of Tenant Eligibility**

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income, during the Permanent Supportive Housing Period.

Re: Tahiti Motel Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

1.	2.	3.	4.	5.
Names of Members of Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. Head of Household (check one):

Mother: \_\_\_\_\_

Father: \_\_\_\_\_

Other: \_\_\_\_\_ (specify relationship – i.e. legal guardian, sister, brother, etc.)

## Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ \_\_\_\_\_.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of

tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? \_\_\_ Yes \_\_\_ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? \_\_\_ Yes \_\_\_ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? \_\_\_ Yes \_\_\_ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$ \_\_\_\_\_; and

(ii) the amount of such income, if any, that was included in item 6 above: \$ \_\_\_\_\_

9.

(a) Are all of the individuals who propose to reside in the unit full-time students\*?  
 Yes  No

\*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?  Yes  No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: \_\_\_\_\_

Race (Head of Household)

White \_\_\_\_\_ Asian \_\_\_\_\_ Hispanic \_\_\_\_\_

African-American \_\_\_\_\_ Native American \_\_\_\_\_ Other \_\_\_\_\_

Physical Disability: Yes \_\_\_\_\_ No \_\_\_\_\_

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in the County of Orange, California.

\_\_\_\_\_

Applicant

\_\_\_\_\_

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]



FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$ \_\_\_\_\_

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ \_\_\_\_\_);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$ \_\_\_\_\_), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ \_\_\_\_\_;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$ \_\_\_\_\_

2. The amount entered in 1(c):

\_\_\_\_\_ Qualifies the applicant(s) as a Qualified Household.

\_\_\_\_\_ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification.

\_\_\_\_\_ Copies of tax returns.

\_\_\_\_\_ Other ( \_\_\_\_\_ )

\_\_\_\_\_  
Manager

The undersigned employee has applied for a rental unit located in a project financed in part by the City of Stanton for persons of very low income. Every income statement of a prospective

tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages \_\_\_\_\_ Overtime \_\_\_\_\_ Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total current income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Signature Date Title

I hereby grant you permission to disclose my income to \_\_\_\_\_ in order that they may determine my income eligibility for rental of an apartment at [\_\_\_\_\_].

\_\_\_\_\_  
Signature Date

Please send to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

\_\_\_\_\_  
Signature Date

ATTACHMENT NO. 3  
TO  
REGULATORY AGREEMENT  
(Tahiti Motel Affordable Housing Project)

**Certificate of Continuing Program Compliance  
For Annual Reporting Period Ending \_\_\_\_\_**

The undersigned, \_\_\_\_\_, as the authorized representative of \_\_\_\_\_ LP, a California limited partnership (“Owner”), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Stanton Housing Authority (“Authority”), as established in numerous documents including the Regulatory Agreement, dated as of \_\_\_\_\_, 2020, between the Owner and the Authority.

As of the date of this Certificate, the following percentage of residential units in the Project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such unit, as indicated:

Number of Units occupied by Qualified Households: \_\_\_\_\_

Number of Vacant Units: \_\_\_\_\_

Number of Qualified Households who commenced \_\_\_\_\_

Occupancy during the preceding reporting period: \_\_\_\_\_

Attached is a separate sheet (“Occupancy Summary”) listing, among other items, the appropriate information for each residential unit in the Project, the occupants of each unit and the rent paid for each unit. The information contained thereon is true and accurate and reasonable and is based on information submitted to the Owner and is certified under penalty of perjury by each tenant.

**[Signatures on following page]**

The undersigned hereby certifies that (1) a review of the activities of the Owner during such reporting period and of the Owner's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Owner is not in default under any of the terms and provisions of the above documents.

Dated: \_\_\_\_\_

OWNER

\_\_\_\_\_  
Jamboree Housing Corporation, a California  
nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

OCCUPANCY SUMMARY

Total Number of Units in the Project: \_\_\_\_\_

Total Units occupied by Qualified Households: \_\_\_\_\_

Total Units available for rent to Qualified Households: \_\_\_\_\_

ATTACHED IS THE FOLLOWING INFORMATION:

- A. Resident and rental information on each occupied apartment in the complex.
- B. Certification of Tenant Eligibility for all Qualified Households who have moved into \_\_\_\_\_, Stanton, California, since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated: \_\_\_\_\_

OWNER:

\_\_\_\_\_  
Jamboree Housing Corporation, a California  
nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## ATTACHMENT NO. 3

### PROJECT BUDGET

#### TAHITI MOTEL DEVELOPMENT BUDGET

DEVELOPMENT SOURCES	Total Project Costs	Closing Draw November 2020	Draw #1 December 2020	Draw #2 January 2021	Draw #3 February 2021	Draw #4 March 2021
HOMEKEY Funds	\$9,600,000	\$9,600,000				
County of Orange Capital Match Funds	\$2,400,000	\$2,208,756	\$191,244			
City of Stanton Capital Match Funds	\$1,961,438		\$563,634	\$805,681	\$319,932	272,191
<b>TOTAL SOURCES</b>	<b>\$13,961,438</b>	<b>\$11,808,756</b>	<b>\$754,878</b>	<b>\$805,681</b>	<b>\$319,932</b>	<b>\$ 272,191</b>

DEVELOPMENT USES	Total Project Costs	Closing Draw November 2020	Draw #1 December 2020	Draw #2 January 2021	Draw #3 February 2021	Draw #4 March 2021
<i>LAND COST/ACQUISITION</i>						
Land Cost or Value	\$9,500,000	\$9,500,000				
<b>Total Land Cost / Acquisition Cost</b>	<b>\$9,500,000</b>	<b>\$9,500,000</b>				
<i>REHABILITATION</i>						
Site Work	\$7,500		\$7,500			
Structures	\$1,148,000	\$700,000	\$20,000	\$142,666	\$142,667	142,667
General Requirements	\$51,030		\$5,001	\$15,343	\$15,343	15,343
Contractor Overhead	\$17,010		\$2,500	\$4,836	\$4,837	4,837
Contractor Profit	\$17,010		\$2,500	\$4,836	\$4,837	4,837
<b>Total Rehabilitation Costs</b>	<b>\$1,240,550</b>	<b>\$700,000</b>	<b>\$37,501</b>	<b>\$167,681</b>	<b>\$167,684</b>	<b>\$167,684</b>
<b>Total Relocation Expenses</b>	<b>\$2,496,000</b>	<b>\$1,355,000</b>	<b>\$540,500</b>	<b>\$540,500</b>	<b>\$60,000</b>	
<i>ARCHITECTURAL FEES</i>						
Design	\$30,000	\$20,000	\$2,500	\$2,500	\$2,500	2500
<b>Total Architectural Costs</b>	<b>\$30,000</b>	<b>\$20,000</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$2,500</b>
<b>Total Survey &amp; Engineering</b>	<b>\$17,500</b>	<b>\$10,000</b>		<b>\$7,500</b>		
<i>CONSTRUCTION INTEREST &amp; FEES</i>						
Title & Recording	\$25,000	\$25,000				
Taxes	\$180,633	\$111,256	\$69,377			
Insurance	\$35,000	\$35,000				
<b>Total Construction Fees</b>	<b>\$240,633</b>	<b>\$171,256</b>	<b>\$69,377</b>	<b>\$0</b>	<b>\$0</b>	
<i>LEGAL FEES</i>						
Legal Paid by Applicant	\$65,000	\$35,000	\$25,000	\$5,000		
<b>Total Attorney Costs</b>	<b>\$65,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$5,000</b>	<b>\$0</b>	
<i>CONTINGENCY COSTS</i>						
Construction Hard Cost Contingency	\$119,244			\$30,000	\$39,748	49,496
Soft Cost Contingency	\$20,011			\$7,500	\$5,000	7,511
<b>Total Contingency Costs</b>	<b>\$139,255</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,500</b>	<b>\$44,748</b>	<b>\$57,007</b>
<i>OTHER PROJECT COSTS</i>						
Environmental Audit	\$7,500	\$7,500				
Permit Processing Fees	\$35,000		\$35,000			
Furnishings	\$180,000		\$45,000	\$45,000	\$45,000	45,000
Appraisal Costs	\$10,000	\$10,000				
<b>Total Other Costs</b>	<b>\$232,500</b>	<b>\$17,500</b>	<b>\$80,000</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>
<b>TOTAL USES</b>	<b>\$13,961,438</b>	<b>\$11,808,756</b>	<b>\$754,878</b>	<b>\$805,681</b>	<b>\$319,932</b>	<b>\$272,191</b>

**ATTACHMENT NO. 4**

**SCHEDULE OF PERFORMANCE**

	<b>ITEM OF PERFORMANCE</b>	<b>TIME FOR PERFORMANCE</b>
	Closing on Interim Housing	November 30, 2020, or such date as extended by State HCD
	Initial Rehabilitation	December 2020-March 2021

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule and the text of the Agreement, the text shall govern.

**ATTACHMENT NO. 5**  
**GRANTEE'S PRO FORMA**

<b>5 Year Operating Cash Flow-Tahiti Motel</b>							
<b>OPERATING SUBSIDY INCOME</b>	<b>Inflation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>TOTAL</b>
County of Orange Operating Subsidy		1,124,660	1,189,223	1,976,046	2,045,208	2,116,791	8,451,928
HOMEKEY Operating Subsidy		720,000	720,000				1,440,000
<b>GROSS OPERATING SUBSIDY</b>		<b>1,844,660</b>	<b>1,909,223</b>	<b>1,976,046</b>	<b>2,045,208</b>	<b>2,116,791</b>	<b>9,891,928</b>
<b>OPERATING EXPENSES</b>							
Residential Exp. (w/o Real Estate Taxes & Sup. Services)	3.5%	973,089	1,008,816	1,045,827	1,084,168	1,123,884	5,235,784
Real Estate Taxes	2.0%	111,255	113,480	115,750	118,065	120,426	578,975
Supportive Services Costs	3.5%	760,316	786,927	814,470	842,976	872,480	4,077,169
<b>TOTAL EXPENSES</b>		<b>1,844,660</b>	<b>1,909,223</b>	<b>1,976,046</b>	<b>2,045,208</b>	<b>2,116,791</b>	<b>9,891,928</b>



**ATTACHMENT NO. 6**

**CERTIFICATE OF OCCUPANCY**

**FORM OF CERTIFICATE OF OCCUPANCY**

**CERTIFICATE OF OCCUPANCY**

*This Certificate issued pursuant to the requirements of Chapter 1 Section 111 of the 2019 California Building Code certifying that at the time of issuance this structure and use is in compliance with all the applicable ordinances of the City of Stanton, including conditions of approval of the use regulating building construction or use for the following:*

Building Address: _____	Building Permit No: _____
Owner Name: _____	Occupancy Group: _____
Owner Address: _____	Occupancy Load: _____
_____	Square Footage: _____
Tenant Name: _____	Construction Type: _____
Tenant Address: _____	APN: _____
_____	Zoning: _____
Issued Date: _____	Sprinklers: _____
Description: _____	
Limitations: _____	

\_\_\_\_\_

\_\_\_\_\_ Date

*This certificate shall be posted in a conspicuous place on the premises and shall not be removed except by the Building Official.*

**ATTACHMENT NO. 7**

**CERTIFICATE OF COMPLETION**

FORM OF CERTIFICATE OF COMPLETION

I, the Executive Director of the Stanton Housing Authority (“Authority”), hereby certify as follows:

Section 1. The Project, required to be constructed in accordance with that certain Affordable Housing Grant And Regulatory Agreement (“Agreement”) dated [INSERT DATE] by and between the Authority and Jamboree Housing Corporation (“Grantee”) on certain real property, as more specifically described in the Agreement (“Property”), has been completed in accordance with the provisions of the Agreement.

Section 2. This Certificate of Completion shall constitute a conclusive determination by the Authority of Grantee’s satisfaction of its obligation under the Agreement to complete the rehabilitation of the improvements on the Property, excluding any normal and customary tenant improvements and minor building “punch-list” items, to prepare the Property for use as Permanent Supportive Housing. The Agreement is an official record of the Authority and a copy of the Agreement may be inspected in the office of the City Clerk located at 7800 Katella Avenue, Stanton, CA 90680, during the regular business hours of the Authority.

DATED AND ISSUED this \_\_\_\_\_ calendar day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_, Executive Director

# **Attachment: B**

## **AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT**

**by and between**

**STANTON HOUSING AUTHORITY ,  
a public body, corporate and politic,**

**and**

**JHC-KATELLA LLC,  
a California limited liability company**

**No table of contents entries found.**

ATTACHMENTS

- 1 LEGAL DESCRIPTION OF SITE
- 2 REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS
- 3 PROJECT BUDGET
- 4 SCHEDULE OF PERFORMANCE
- 5 GRANTEE'S PRO FORMA
- 6 CERTIFICATE OF OCCUPANCY
- 7 CERTIFICATE OF COMPLETION

## **AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT**

This AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_, \_\_\_\_\_, 2020, by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic (“Authority”), and JHC-KATELLA LLC, a California limited liability company (“Grantee”).

### **RECITALS**

A. On or about the date hereof, Grantee is acquiring or has acquired a leasehold interest in that certain real property located at 7161 Katella Avenue, Stanton, CA 90680, which comprises approximately 1.02 acres of land area, and which is more particularly described in the legal description attached hereto as Attachment No. 1 (“Site”). The Site is improved with that certain hotel known as the Stanton Inn & Suites (“Hotel”).

B. Grantee desires to rehabilitate the Hotel so that it may be used as a 72-unit affordable residential rental complex, including rehabilitation and/or installation as necessary of related interior and exterior improvements on the Site (“Project”). Grantee shall perform the rehabilitation of the units and related improvements pursuant to the terms and conditions of this Agreement. The Project will be initially operated for, at most, five (5) years as Interim Housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic, then for the following fifty-five (55) years as Permanent Supportive Housing, as more particularly described in the Regulatory Agreement attached hereto as Attachment No. 2 and incorporated herein by reference. If there are on-site and/or off-site improvements, they will be called out in the Project development and building plans and permits to be approved by Authority.

C. Authority desires to assist Grantee in the post-acquisition operation of the Project by providing operational subsidy assistance to Grantee during the first five (5) years of the Project in the form of a Homekey matching grant in the amount not to exceed Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) for certain operating expenses associated with the Project (“Authority Grant”).

D. As of \_\_\_\_\_, 2020, County of Orange entered into a standard agreement (STD 213) with the California Department of Housing and Community Development (“HCD”), pursuant to Health and Safety Code section 50675.1.1, which is the statutory basis for the Homekey Program (“Homekey” or “Program” and the agreement, the “Homekey Agreement”). Under the Homekey Agreement, HCD disbursed to the County certain funds for the acquisition, rehabilitation and operation of the Project. The Authority now desires to provide the Authority Grant as matching funds to assist with the Project.

E. Pursuant to that certain Loan Agreement between Grantee and County of Orange entered into on or about the same date hereof, County of Orange has agreed to provide a loan to Grantee in the amount of One Million Eighty-Five Thousand Dollars (\$1,085,000) in California

Mental Health Services Act (MHSA) funds (the “County MHSA Loan”) to be used in connection with development of the Project, in exchange for the dedication, during the Permanent Supportive Housing Period, of ten (10) units in the Hotel for occupants with severe and persistent mental illness (SPMI), as further set forth in that certain Leasehold Regulatory Agreement and Declaration of Restrictive Covenants entered into between Grantee and County of Orange and recorded in the Official Records of the County of Orange on or about the same date hereof (each, an “SPMI Restricted Unit”). Any potential resident eligible for an SPMI Restricted Unit would also inherently be an 80% Low Income Household during the Permanent Supportive Housing Period of the Term, so there exists no conflict between this Agreement and the County MHSA Loan insofar as eligibility to occupy a unit in the Hotel.

F. In accordance with Article XXXIV of the California Constitution and Government Code section 37001(a), only 49% of the units in the Hotel will be restricted to 80% Low Income Households during the Permanent Supportive Housing Period for purposes of the Authority Grant funds. Notwithstanding the foregoing, Government Code section 37001(h) exempts all development costs of acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, for housing under the Homekey Program from the restrictions of Article XXXIV and therefore, all units in the Hotel will be restricted to 80% Low Income Households during the Permanent Supportive Housing Period under other regulatory agreements.

G. The Project is in the best interest of the Authority and the health, safety and welfare of the residents of the City, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

## COVENANTS

Based upon the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Authority and Grantee hereby agree as follows:

### 1. DEFINITIONS.

The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

1.1 “Affordable Rent” shall mean a cost not in excess of that which may be charged the applicable household in conformity with the Prescribed Rent Levels and Tenant Mix, during the Permanent Supportive Housing Period. Notwithstanding the foregoing, however, Grantee is required to ensure applicable affordability restrictions follow the more restrictive limits based on funding sources.

1.2 “Agreement” shall mean this Affordable Housing Grant and Regulatory Agreement between Authority and Grantee, including all exhibits and other documents attached hereto.

1.3 “Area Median Income or AMI for Orange County” means the most recent applicable county family income published by California Tax Credit Allocation Committee (TCAC).

1.4 “Authority” shall mean the Stanton Housing Authority, a public body, corporate and politic, established on January 10, 2012 pursuant to City of Stanton Resolution No. 2012-03, in accordance with Health and Safety Code Section 34200 *et seq.*, and having its offices at 7800 Katella Avenue, Stanton, CA 90680.

1.5 “City” shall mean the City of Stanton, a municipal corporation, organized under the laws of the State of California and having its offices at 7800 Katella Avenue, Stanton, CA 90680.

1.6 “Authority Grant” shall mean the grant in the amount not to exceed the sum of Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) to be provided by Authority to Grantee for Grantee’s payment of the Eligible Grant Expenses, as more fully explained in Section 2 of this Agreement.

1.7 “Effective Date” shall mean the date this Agreement is approved by Authority, which date shall be inserted in the preamble to this Agreement.

1.8 “Eligible Grant Expenses” shall mean expenses incurred by Grantee for post-acquisition operation of the Project for the first five (5) years of the Project, as well as all uses as set forth at Health and Safety Code section 50675.1.1, subdivision (a). Eligible Grant Expenses do not include expenses that have already been funded through other sources.

1.9 “Funding Conditions” shall mean the conditions set forth in Section 2.4 of this Agreement that must be satisfied prior to Authority providing the Authority Grant to Grantee.

1.10 “Funding Conditions Satisfaction Date” shall mean the date on which all of the Funding Conditions are actually satisfied or waived by the Authority.

1.11 “Grantee” shall mean, JHC-Katella LLC, a California limited liability company. The term “Grantee” includes any legally permissible assignee or successor to the rights, powers, and responsibilities of Grantee hereunder, in accordance with Section 7.3 of this Agreement.

1.12 “HCD” means the California Department of Housing and Community Development.

1.13 “Interim Housing” shall mean any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.

1.14 “Interim Housing Period” shall mean the period commencing from the date on which Grantee obtains a Certificate of Occupancy, a form of which is attached hereto as Attachment No. 6, until the date when the last Interim Housing resident is relocated to prepare the Hotel for rehabilitation and operation as Permanent Supportive Housing. During The Interim Housing Period, which period shall not be for longer than five (5) years, Grantee shall develop and operate the Hotel as Interim Housing.

1.15 “Permanent Supportive Housing” shall mean permanent housing with no limit on the length of stay that is occupied by 80% Low Income Households, according to the

requirements and restrictions set forth in Health and Safety Code Section 34176.1(a)(3), and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community, pursuant to Health and Safety Code Section 50490.

1.16 “Permanent Supportive Housing Period” shall mean the period commencing from the date Grantee records in the Official Records of Orange County a Certificate of Completion, a form of which is attached hereto as Attachment No. 7, until the day that is fifty-five (55) years from that day, during which time Grantee shall develop and operate the Hotel as Permanent Supportive Housing.

1.17 “Prevailing Wage Action” shall mean any of the following: (a) any determination by the California Department of Industrial Relations that prevailing wage rates should have been paid, but were not; (b) any determination by the California Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid; (c) any administrative or legal action or proceeding arising from any failure to comply with the Federal Davis-Bacon Act (codified as 40 U.S.C. §§ 3141 *et seq.*) or California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including maintaining certified payroll records; or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity.

1.18 “Prescribed Rent Levels and Tenant Mix” shall mean, based upon all Project funding sources, the following: Following expiration of the Interim Housing Period, and during the Permanent Supportive Housing Period, all units shall be made available and occupied by Low Income Households earning 80% or less of Area Median Income, as circumscribed by Health and Safety Code Section 34176.1(a)(3), as follows: twenty-one (21) units shall be made available and occupied by 80% Low Income Households earning thirty percent (30%) or less of Area Median Income, adjusted for household size; thirty-five (35) units shall be made available and occupied by 80% Low Income Households earning sixty percent (60%) or less of Area Median Income, adjusted for household size; and fourteen (14) units shall be made available and occupied by 80% Low Income Households earning eighty percent (80%) or less of Area Median Income, adjusted for household size.

1.19 “Project” shall mean the post-acquisition operation of the Hotel and existing improvements on the Site as Interim Housing for not more than five (5) years, and subsequent to such use, the rehabilitation of the Hotel and operation thereafter as Permanent Supportive Housing. In the event of any inconsistency between the description of the Project in this Agreement and the approved plans and permits, the approved plans and permits shall govern.

1.20 “Project Budget” shall mean the cost estimates for Grantee’s operation of the Project set forth in Attachment No. 3 to this Agreement. The Project Budget may not be materially changed without the prior written approval of Authority, which shall not be unreasonably withheld or delayed (a material change is a change that causes the total Project costs to increase or decrease from what is shown in the Project Budget or that causes any line item in the Project Budget to increase or decrease by more than 10%). Any changes to the Project Budget, whether or not requiring the approval of Authority, shall be submitted to



Authority. If the Project Budget is revised as permitted herein, all references herein to the “Project Budget” shall be deemed to refer to the revised Project Budget.

1.21 “Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Covenants and Restrictions between Authority and Grantee regulating the operation and maintenance of the Site, in the form attached hereto as Attachment No. 2.

1.22 “Schedule of Performance” shall mean that certain Schedule of Performance attached hereto as Attachment No. 4 setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be performed.

1.23 “Site” shall mean that certain real property located in the City of Stanton, more particularly described in the legal description attached hereto as Attachment No. 1.

1.24 “Target Population” shall mean individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic

1.25 “80% Low Income Households” shall mean households earning not greater than eighty percent (80%) of the Area Median Income for Orange County.

## 2. FINANCING.

2.1 Amount and Source of Authority Grant. In order to assist in the operation of the Hotel as Interim Housing for the Target Population within the territorial limits of the City, Authority shall, subject to the terms and conditions set forth herein, and provided Grantee is not in default of this Agreement, provide Grantee financial assistance in the form of a grant not to exceed the sum of Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) (“Authority Grant”). The source of the Authority Grant is the City of Stanton Housing Authority Fund. Any Authority Grant funds that have not been expended by the later of: (a) the end of the Interim Housing Period or (b) five (5) years from the commencement of the Interim Housing Period shall roll over and be available for use by Grantee for Eligible Grant Expenses incurred by Grantee during the Permanent Supportive Housing Period. Any Authority Grant Funds that have not been expended by the end of the Permanent Supportive Housing Period must be returned to the Authority with accrued interest at a rate of 10% per annum from date due until date paid. Any such funds returned by check shall be made payable to the Authority and shall be mailed to the Authority at the address set forth in Section 7.2, no later than thirty (30) calendar days after the end of the Permanent Supportive Housing Period.

2.2 Permissible Use of Authority Grant; Eligible Grant Expenses. Pursuant to all of the terms and conditions of this Agreement, Grantee shall be permitted to use the Authority Grant proceeds only for the Eligible Grant Expenses that are actually and reasonably incurred by Grantee and approved by Authority (such approval not to be unreasonably withheld or delayed), and for no other purpose.

2.3 Authority Grant Funding Conditions. Notwithstanding any other provision of this Agreement to the contrary, Authority shall have no obligation to disburse any of the Authority

Grant proceeds to Grantee unless all of the following conditions (collectively the “Funding Conditions”) are satisfied:

(a) *Execution and Delivery of Documents.* Grantee shall have executed and delivered to Authority or County all documents necessary to secure the Homekey funding.

(b) *Demonstration of Sufficient Funding.* Grantee shall provide documentation to Authority demonstrating that it has commitments for sufficient funding for the entire Project.

(c) *Subordination Agreement.* Authority shall have approved the form of any subordination agreements.

(d) *Insurance.* Grantee shall have provided to Authority evidence of the insurance required under Section 3.7 of this Agreement.

(e) *No Default.* Grantee shall not be in default of any of its obligations set forth in this Agreement, and there shall be no event which, with the passage of time or the giving of notice, would constitute a default.

In the event that all of the Funding Conditions are not satisfied on or before November 20, 2020, or such earlier time period as provided for herein, or such later deadline as may be mutually approved in writing by Authority and Grantee in the sole and absolute discretion of each of them, either party not in default may terminate this Agreement by delivering written notice to the other party. No termination under this Agreement shall release either party then in default from liability for such default.

2.4 Disbursements of Authority Grant. Provided Grantee is not in default of this Agreement, from and after the Funding Conditions Satisfaction Date, Authority shall disburse the Authority Grant to Grantee on an annual basis for five (5) years. The first (1<sup>st</sup>) installment will be disbursed at Grantee’s closing of the acquisition of the Hotel and leasehold interest in the Site, and will be a prorated amount from the date of said closing until June 30, 2021, and each installment thereafter shall occur on or about July 1 of each year for five (5) years. Grantee shall submit to Authority itemized statements, with such supporting information as Authority may reasonably require, documenting all of Grantee’s costs eligible to be considered in calculating the Eligible Grant Expenses, including invoices, contracts, or similar documentation. Authority shall calculate and approve the amount of Grantee’s Eligible Grant Expenses. Approval of the amount determined by Authority shall be made by Authority, in Authority’s reasonable discretion, within thirty (30) days after Grantee’s submission of its completed payment request. Any disapproval of a payment amount shall be provided to Grantee in writing (including the specific reasons for such disapproval) within thirty (30) days after Authority has received information necessary to make the determination that the payment amount cannot be approved and must be returned by Grantee.

Authority’s obligation to make disbursements of the Authority Grant proceeds to Grantee shall be contingent and conditional upon Grantee’s continuing satisfaction and the timely performance of all of its obligations under this Agreement. Upon the occurrence of any event which, with the lapse of time or the giving of notice or both, would constitute a default under this

Agreement, Authority may at any time thereafter and while such event remains uncured, withhold or stop payment of any pending amount until all such defaults are cured to the reasonable satisfaction of Authority. Further, following expiration of any applicable cure period, Authority may demand return of (and Grantee shall return) amounts paid until all such defaults are cured to the reasonable satisfaction of Authority.

In the event the Eligible Grant Expenses for which any disbursement of Authority Grant funds are advanced are not incurred by Grantee within thirty (30) days after Authority's disbursement, or such longer time as Authority approves in its sole discretion, Authority shall have the right to require that Grantee return such Authority Grant proceeds to Authority. In addition, if it is determined, as a result of an audit or otherwise, that any of the disbursements of Authority Grant proceeds were improper or made for expenditures not eligible for payment, Grantee shall immediately repay to Authority the amounts of such disbursements.

Grantee shall, within thirty (30) days of the end of each year from July 1 to June 30 (or prorated year, as applicable) for which Grantee received Authority Grant funds, provide an interim written report to Authority showing, at a minimum, (a) all Eligible Grant Expenses incurred on the Project, to which Authority Grant funds were applied in the prior year (or prior prorated year); and (b) a comparison of such expenses against line items in the Project Budget. Grantee shall, thereafter, within sixty (60) days after the Expenditure Deadline provide a final written report to Authority with the same minimum contacts as set forth in the immediately preceding sentence for the entirety of the five (5) years, plus prorated time.

Notwithstanding the foregoing, Authority shall have the right to contract with a third party, including without limitation an escrow company to disburse the Authority Grant proceeds to Grantee.

2.5 Execution and Delivery of Documents. No later than five (5) days after the date the Funding Conditions in subparagraphs (b)-(d) in Section 2.3 are satisfied, Grantee shall deliver to Authority the Regulatory Agreement, executed and acknowledged by Grantee. Within ten (10) days after the Funding Conditions Satisfaction Date and prior to Authority's disbursement of any Authority Grant proceeds to Grantee, Authority shall execute the Regulatory Agreement and shall cause the Regulatory Agreement to be recorded in the Official Records of Orange County, California.

2.5.1 Funding Sources. From and after the date of this Agreement, Grantee shall exercise commercially reasonable efforts to obtain financing for the development of the Project. Grantee intends to utilize financing from a variety of sources for the Project.

2.5.2 Subordination. The Executive Director shall have the authority to execute and deliver subordination agreements as he or she determines are commercially reasonable and consistent with the purpose and effect of this Agreement. In connection therewith, the Regulatory Agreement implements the affordability requirements imposed under the entitlements and must be senior to all financing unless otherwise agreed to by Executive Director or designee in his or her reasonable discretion. Notwithstanding anything in this Agreement or in the Regulatory Agreement to the contrary, Authority agrees to negotiate in good faith any subordination agreement subordinating the Regulatory Agreement, including the

affordability requirements thereunder, to the security instruments securing the construction and permanent financing, and any refinancing thereof, obtained by Grantee or by the limited partnership established by Grantee to undertake the Project and operate the Hotel.

2.5.3 Notice of Default to Construction Lender and Investor Limited Partner or Limited Liability Company; Right to Cure. Whenever Authority shall deliver any notice or demand to Grantee with respect to any default by Grantee under this Agreement (each, a “Notice”), Authority shall at the same time deliver a copy of such Notice to any lender or funding source that has provided Authority written request for such notice or demand. The other lenders or funding sources for the Project shall (insofar as the rights of Authority are concerned) have the right, within ninety (90) days after receipt of the Notice, to cure or remedy any such default. The Authority shall further give the investor limited partner or limited liability company in Grantee the following notice and cure rights:

(a) The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner’s address provided in a notice by Grantee to the Authority) that the Authority gives to Grantee under this Agreement, provided that Grantee has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

(b) The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner’s receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

(c) The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner’s or limited liability company’s receipt of such Notice to cure any other default under this Agreement;

(d) If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

(e) If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Grantee.

2.5.4 Right of the Authority to Cure Default. In the event of a default or breach by the Grantee, Grantee shall promptly deliver to Authority a copy of any notice of default or breach received from any other lender or funding source and Authority may, but shall not be required to, cure the default without acceleration of the subject loan following prior notice thereof to the Grantee. In such event, Grantee shall be liable for, and Authority shall be entitled to reimbursement from Grantee within ten (10) days of written demand, of all costs and expenses associated with and attributable to the curing of the default, including any default consisting of a breach of this Agreement by the Grantee, which are incurred by Authority. Any sums which become due to Authority from Grantee under the provisions of this Section 2.5.4 shall constitute

a lien on the Site, effective upon recordation by Authority or Authority's authorized agent of a notice of lien ("Notice of Lien") concerning nonpayment of any sum due hereunder, the lien priority of which shall be the date the Notice of Lien is recorded in the Official Records of Orange County, California. The Notice of Lien shall state (i) the amount due, which amount shall include interest at the rate of 10% per annum from the date due to the date paid, and shall also include the cost of preparing and recording the Notice of Lien, (ii) the expenses of collection in connection with any nonpayment, including without limitation reasonable attorneys' fees, (iii) a description of the Site, (iv) the name and address of Authority, (v) the name of Grantee, and (vi) in order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by Authority to enforce the lien by sale. The lien established pursuant to this section may be enforced by sale of the Site by Authority, Authority's attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of Grantee to pay any sum due pursuant to this Agreement within 30 days after recordation of the Notice of Lien. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. Authority, through its agents, shall have the power to bid on the Site at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for any amounts due under this Agreement shall be maintainable without foreclosing or waiving any lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section shall include reasonable attorneys' fees as fixed by the court.

### 3. DEVELOPMENT OF THE PROJECT.

3.1 Scope of Development. The Project shall consist of the post-acquisition operation of the Hotel and existing improvements on the Site as Interim Housing during the Interim Housing Period, with conversion, after the Interim Housing Period, to a Permanent Supportive Housing rental project with parking, landscaping, lighting, signage, and other amenities, and all other on-site and off-site improvements required for operation of the Site, with all such improvements, following rehabilitation, to be first class in architectural design and quality, compliant with state and federal laws regarding adaptability and accessibility by persons with disabilities, and consistent with the development and building plans and permits to be approved by Authority (provided, however, that nothing herein shall represent, warrant, or guarantee that Authority shall approve any of such plans and permits). The Project shall provide for a maximum of 70 total units to be set aside for Interim Housing, with conversion to Permanent Supportive Housing.

3.2 Development Standards. Grantee agrees to design a project that meets all applicable development standards in the Stanton Municipal Code ("SMC").

3.3 No Commitment to Development. The Parties agree that nothing in this Agreement is intended to commit the Grantee to complete a particular project or to commit the Authority to grant any approval. The Authority's approval of this Agreement does not constitute approval by the Authority of any development of the Project or of other activity on the Site that would have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA. (*See* 14

C.C.R. §§ 15060(c); 15378(b).) Even assuming however that approval of this Agreement triggered CEQA review, the Project would be both: (1) categorically exempt, because it involves conversion of an existing Hotel into interim and permanent supportive housing and will involve negligible or no expansion of use (*see* 14 C.C.R. § 15301); and (2) statutorily exempt under California Public Resources Code § 21080.50.

3.4 Final Plans. Within the time set forth in the Schedule of Performance, Grantee shall submit to Authority for review and approval a complete set of final plans and specifications for the Project (“final plans”). The final plans and drawings shall contain all information required to obtain all necessary grading and building permits required for the Project. Authority shall exercise reasonable diligence to complete its review of the final plans within forty-five (45) days after a complete submittal. Any disapproval shall be in writing and shall state the reasons therefor. Upon receipt of a disapproval, Grantee shall, within twenty (20) days, revise or correct the final plans as necessary to conform to Authority requirements. The same procedures and requirements shall apply to subsequent submittals and reviews until the final plans are finally approved by Authority.

3.5 Schedule of Performance. Subject to the force majeure provisions of Section 7.9, Grantee shall commence, prosecute, and complete the Project within the time set forth in the Schedule of Performance. Rehabilitation work shall be continuously and diligently pursued to completion and shall not be abandoned for more than five (5) consecutive days, except when due to causes beyond the control and without the fault of Grantee, as set forth in Section 7.9 of this Agreement. During the course of rehabilitation work, Grantee shall, if requested by Authority, provide to Authority monthly written reports on the progress of work. Pursuant to the Schedule of Performance, Grantee shall apply for a Certificate of Completion. FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES IN THE SCHEDULE OF PERFORMANCE FOLLOWING NOTICE AND EXPIRATION OF THE APPLICABLE CURE PERIOD WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND AN EVENT OF DEFAULT, AND SHALL ENTITLE THE AUTHORITY TO MANDATE THE GRANTEE TO RETURN TO THE AUTHORITY ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE AUTHORITY MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

3.6 Compliance with Permits and Laws. Grantee shall carry out the design, construction and operation of the Project in conformity with this Section 3 and all applicable federal, state, and local laws, including the Authority zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Stanton Municipal Code, all applicable disabled and handicapped access requirements, and all environmental mitigation measures imposed as conditions of approval of the Project. In addition, Grantee shall carry out the construction of the Project and the development of the Site in conformity with all applicable federal and state labor laws (including, without limitation, the requirement under California law to pay prevailing wages and hire apprentices). With respect to Grantee’s redevelopment of the Site and construction of the Project, Grantee acknowledges and agrees that it shall be required to, and shall be required to cause all of its contractors and their contractors to, pay prevailing wages in compliance with California Labor Code Section 1770 et seq., and shall be responsible for the keeping of all records required pursuant to Labor Code Section 1770 et seq., including but not limited to Labor Code Section 1776, and complying with the maximum hours requirements of

Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto. Grantee acknowledges and agrees that it shall be independently responsible for reviewing the applicable laws and regulations with respect to the payment of prevailing wages and complying therewith. Upon any request by Authority, Grantee shall provide a true and correct copy of such payroll records as are required under applicable state law. In addition to any other Grantee indemnifications of Authority set forth in this Agreement, Grantee shall indemnify, defend, and hold Authority and its officers, officials, members, employees, agents, and representatives harmless from and against any liability, loss, damage, cost or expenses (including but not limited to reasonable attorneys' fees, expert witness fees, court costs, and costs incurred related to any inquiries or proceedings) arising from or related to (a) the noncompliance by Grantee of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and hire apprentices); (b) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (c) failure by Grantee to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Project, including, without limitation, any and all public works (as defined by applicable law), Grantee shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 3.6, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by Grantee. Grantee shall be solely responsible for determining and effectuating compliance with such laws. Grantee hereby expressly acknowledges and agrees that Authority has not previously affirmatively represented to Grantee or its contractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a "public work," as defined in Section 1720 of the Labor Code.

3.7 Insurance. During the Interim Housing Period, Grantee shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Grantee shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Grantee shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- (a) shall be primary insurance and not contributory with any other insurance which Authority may have;
- (b) shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- (c) shall be “date of occurrence” and not “claims made” insurance;
- (d) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability;
- (e) shall provide that the policy will not be cancelled by the insurer or Grantee unless there is a minimum of thirty (30) days prior written notice to Authority;
- (f) shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- (g) shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Grantee shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Grantee’s Contractor carries workers’ compensation insurance as required by law.

Grantee agrees that the provisions of this Section 3.7 shall not be construed as limiting in any way the extent to which Grantee may be held responsible for the payment of damages to any persons or property resulting from Grantee’s activities or the activities of any person or persons for which Grantee is otherwise responsible. No later than five (5) days after the Effective Date, Grantee shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority’s sole and absolute discretion. Evidence of builder’s risk coverage may be provided after Grantee receives all necessary construction financing.

3.8 Right of Access. Authority and its officers, officials, employees, agents and representatives shall have the right of access to the Site, upon reasonable prior written notice, without charges or fees, for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in connection with the Project, so long as Authority representatives comply with all safety rules and do not interfere with, delay or interrupt Grantee’s construction activities. It is understood that Authority does not by this right of access assume any responsibility or liability for a negligent inspection or failure to inspect.



3.9 Grantee Responsible for Cost of Development. Except to the extent Authority has specifically agreed to provide the Authority Grant pursuant to Section 2, Grantee shall be responsible for all costs of developing the Project, including but not limited to predevelopment costs incurred for items such as planning, design, engineering, and environmental remediation; all development and building fees; the cost incurred to perform all necessary rehabilitation work; relocation expenses payable to occupants of the Site as required; costs for insurance and bonds (as required); costs for financing; all on-site construction costs; costs for any necessary public improvements; and legal fees.

3.10 Indemnity. Grantee shall defend, indemnify, assume all responsibility for, and hold Authority and their officers, officials, members, employees, agents, and representatives harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to (a) any damages to property or death or injuries to persons (including reasonable attorneys' fees and costs and expert witness fees), which may be caused by any acts or omissions of Grantee under this Agreement, whether such activities or performance of this Agreement be by Grantee or by anyone directly or indirectly employed or contracted with by Grantee and whether such damage shall accrue or be discovered before or after termination of this Agreement, (b) any litigation, administrative or adjudicative challenge by third parties to the validity, applicability, interpretation or implementation of this Agreement, or the certification or approval of the environmental document(s) with respect to the Project and this Agreement, (c) any default of this Agreement by Grantee, or (d) any activities or conditions in, on or under the Site. Notwithstanding the foregoing, Grantee's indemnification obligations in this Section 3.10 shall not apply to the extent any of such matters are caused by the active negligence or willful misconduct of Authority or its officers, officials, members, employees, agents, or representatives acting in an official capacity.

3.11 Relocation Indemnification. Grantee shall have the sole and exclusive responsibility for providing relocation assistance and paying all relocation costs required to comply with all applicable federal and state laws, rules, and regulations, including but not limited to the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, and the implementing regulations thereto codified in California Code of Regulations, Title 25, Chapter 6, Section 6000, *et seq.* (collectively, the "Relocation Laws"). Any relocation shall be performed in accordance with a relocation plan approved by Authority. Grantee shall indemnify, defend, and hold Authority harmless from and against any alleged or actual claims, liabilities, damages, remedies, causes of action, demands, losses, and other liabilities made against them related to (1) Compliance with the Relocation Laws; (2) displacement or benefits owed to tenants on the Site including without limitation claims for relocation assistance and inverse condemnation; and (3) any other compensation of whatever kind or nature arising from current or prior occupancy or use of the Hotel or Site, and/or any move, displacement, relocation therefrom.

#### 4. USE OF SITE; AFFORDABILITY COVENANTS.

Grantee and its successors and assigns shall use, operate, and maintain the Site as an affordable rental housing project in accordance with the provisions of this Agreement and the Regulatory Agreement. The Regulatory Agreement provides that the Project will serve as Interim Housing for the Target Population for at most a period of five (5) years, and thereafter, the Project shall be converted to Permanent Supportive Housing with the Regulatory Agreement

providing for all of the units in the Project to be rented to income-qualified tenants at Affordable Rents, as that term is defined herein and in the Regulatory Agreement, for fifty-five (55) years.

## 5. OPERATING STANDARDS

5.1 Selection of Tenants. The Authority desires that the Project serve as many local residents and those working in the City of Stanton who are members of the Target Population (during the Interim Housing Period) and who are 80% Low Income Households (during the Permanent Supportive Housing Period) as possible. To that end, the Grantee shall employ its best efforts to provide information to the Authority regarding the availability of the units and provide guidance and instructions to interested local parties. Grantee shall be responsible for the selection of tenants for the units in compliance with this Agreement and consistent with the Prescribed Rent Levels and Tenant Mix. To the greatest extent legally allowable, preference will be afforded to members of the Target Population (during the Interim Housing Period) and to 80% Low Income Households (during the Permanent Supporting Housing Period) who are residents of the City or who are verifiably living or employed within City limits. Grantee shall conduct due diligence and background evaluation of all prospective tenants, including, without limitation, a criminal background check and third-party verification of Target Population status (during Interim Housing Period) and income (during Permanent Supportive Housing Period), to evaluate references, credit worthiness, and related qualifications.

5.2 Occupancy Limits. To the greatest extent allowed by law, the maximum occupancy of the units shall not exceed more than two persons. All units at the Site shall be studio/efficiency units.

5.3 Income of Tenants. During the Permanent Supportive Housing Period, each person or family qualifying to occupy one of the restricted units shall do so at the appropriate Affordable Rent, based on the most restrictive limits of Grantee's funding sources, which meets the eligibility requirements established for the corresponding unit, and Grantee shall obtain a certification from each tenant renting or leasing each unit which substantiates such fact.

5.4 Property Manager. Grantee shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County. Grantee may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee) in his or her reasonable discretion. During the Permanent Supportive Housing Period, the Property Manager shall manage the Project in accordance with the definitions of Affordable Rent herein, the tenant selection requirements contained in Section 5.1, and the definitions relating to income contained in Section 5.3. Grantee shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the

references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Grantee prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned or delayed, and the Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Grantee and/or the selection by Grantee of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Grantee, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager; provided, however, that in no event shall such temporary management continue for longer than sixty (60) days..

5.5 Property Management Plan. Within the time set forth in the Schedule of Performance, Grantee shall prepare and submit to the Executive Director for review and approval, a management plan for the Project which must include a detailed plan and strategy for long term marketing, operation, maintenance, repair and security of the Project, inclusive of social services for the residents of the units, on-site parking policies, and the method of selection of tenants, rules and regulations for tenants, and other rental policies for the Project (“Property Management Plan”). The Executive Director shall review and shall act reasonably to approve or disapprove the Property Management Plan within a reasonable time. During the Term, Grantee and its Property Manager may from time to time submit to the Executive Director proposed material amendments to the Property Management Plan, the implementation of which shall also be subject to the prior written approval of the Executive Director.

5.6 Code Enforcement. Grantee acknowledges and agrees that the Authority, and its employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours’ prior notice, except in an emergency) to Grantee and/or an individual tenant. If such notice is provided by Authority representative(s) to Grantee, then Grantee (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Grantee shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

## 6. DEFAULTS AND REMEDIES.

6.1 Defaults-General. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such party shall not be deemed to be in default if (a) it cures, corrects, or remedies such default within thirty (30) days after receipt of a written notice from the other party specifying such failure or delay, or (b) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such party commences to cure, correct, or remedy such failure or delay within such time period

after receipt of a notice from the other party specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion, within an additional sixty (60) days following the conclusion of such thirty (30) day period (for a total of ninety (90) days). If the defaulting party requires more time to cure, correct, or remedy the default, the parties will negotiate in good faith to determine a mutually agreeable extended deadline. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

6.2 Institution of Legal Actions. In addition to any other rights or remedies, either Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

6.3 Additional Authority Remedies. In addition to any other rights or remedies available at law or in equity, upon a default of Grantee, Authority may do any of the following: (a) to the extent the Authority Grant has not yet been disbursed by Authority to Grantee, refuse to advance all or any part of the Authority Grant; (b) to the extent the Authority Grant has not yet been disbursed by Authority to Grantee, wholly or partially suspend or terminate the award of the Authority Grant; (c) wholly or partially suspend or terminate this Agreement by giving at least thirty (30) days' advance written notice to Grantee; and (d) require Grantee to repay any or all of the Authority Grant funds. Upon the occurrence of an event which, with the passage of time or the giving of notice, would constitute a default of Grantee, Authority may, to the extent not already disbursed, temporarily withhold disbursement of Authority Grant proceeds pending correction of the default by Grantee. Any termination by the Authority of the Agreement will not limit any other remedies that may be available to the Authority under this Agreement, at law, or in equity.

6.4 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

## 7. GENERAL PROVISIONS.

7.1 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs of suit, including appeals, from the losing party.

7.2 Notices. All notices to be delivered under this Agreement to the other party shall be addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other parties hereto:

To Authority:

Stanton Housing Authority  
7800 Katella Avenue  
Stanton, CA 90680  
Attention: Jarad Hildenbrand, Executive Director  
Facsimile: (714) 890-1443  
Email: [jhildenbrand@ci.stanton.ca.us](mailto:jhildenbrand@ci.stanton.ca.us)  
To Grantee:

JHC-Katella LLC  
c/o Jamboree Housing Corporation  
17701 Cowan Avenue, Suite 200  
Irvine, CA 92614  
Attention: Vicky Rodriguez, Senior Director  
Facsimile: (949) 263-0647  
Email: [vrodriquez@jamboreehousing.com](mailto:vrodriquez@jamboreehousing.com)

Copy to:

Best Best & Krieger LLP  
18101 Von Karman Avenue  
Irvine, CA 92612  
Attention: Elizabeth Hull, Esq.  
Facsimile: (949) 260-0972  
Email: [elizabeth.hull@bbklaw.com](mailto:elizabeth.hull@bbklaw.com)  
Copy to:

Rutan & Tucker, LLP  
18575 Jamboree Road, 9<sup>th</sup> Floor  
Irvine, CA 92612  
Attention: Patrick D. McCalla, Esq.  
Facsimile: (714) 546-9035  
Email: [pmccalla@rutan.com](mailto:pmccalla@rutan.com)

Notices personally delivered; delivered through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email are acceptable forms of notice. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.

7.3 Assignment and Transfer by Grantee. The qualifications and identity of Grantee are of particular concern to Authority. It is because of those qualifications and identity that Authority has provided financial assistance to Grantee and entered into this Agreement with Grantee. Accordingly, Grantee shall not, whether voluntarily, involuntarily, or by operation of law, undergo any significant change in ownership or assign all or any part of this Agreement or any rights hereunder or in the Site or in the Project except as approved by the Authority. In considering whether it will grant approval to any assignment by Grantee of its interest in the Site and this Agreement, Authority shall consider factors such as the financial strength and capability of the proposed transferee to perform Grantee's obligations hereunder and the proposed assignee's experience and expertise in the planning, financing, development and operation of similar projects. Notwithstanding the foregoing, the following transfers shall be permitted hereunder without the prior consent of Authority:

- (a) Any transfer to a lender: as collateral for construction financing to pay all or any part of the rehabilitation costs; or as collateral for a permanent loan or refinancing.

- (b) Any transfer resulting from the foreclosure or deed in lieu of foreclosure of a security instrument for a loan from a lender to the Project.
- (c) Any transfer of stock or equity in the entity that does not change management or operational control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.
- (d) The lease of residential units in the Project consistent with the Regulatory Agreement.
- (e) Any transfer of this Agreement and Grantee's leasehold interest in the Site to a limited partnership in which a general partner is the Grantee or its affiliate and the managing general partner is a 501(c)(3) tax exempt nonprofit or its affiliate.
- (f) The transfer and sale of limited partnership interests in Grantee while Grantee is in the form of a limited partnership.
- (g) In the event that any general partner of Grantee, while Grantee is in the form of a limited partnership, is removed by the limited partner of such limited partnership for cause following default under the partnership agreement, the transfer of the general partner interest to a 501(c)(3) tax exempt nonprofit corporation or its affiliate selected by the limited partner and approved by the Authority, which approval shall not be withheld unreasonably, delayed or conditioned.
- (h) The transfer of the Project from Grantee, while Grantee is in the form of a limited partnership, to one or more of the general partners of Grantee or their affiliates at the end of the tax credit compliance period for the Project; and
- (i) Any dilution of a general partner's interest in Grantee while Grantee is in the form of a limited partnership, in accordance with Grantee's limited partnership agreement.

7.4 Binding on Heirs. This Agreement shall be binding upon the parties hereto and their respective heirs, representatives, transferees, successors, and assigns.

7.5 Entire Agreement, Waivers, and Amendments. This Agreement incorporates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements, oral or written, between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. Any amendment or modification to this Agreement must be in writing and executed by Authority and Grantee.

7.6 Interpretation; Governing Law. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without regard to such state's conflict of law principles.

7.7 Authority. The person(s) executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

7.8 Non-liability of Authority Officials and Employees. No member, official, employee, or contractor of Authority shall be personally liable to Grantee in the event of any default or breach by Authority or for any amount which may become due to Grantee or on any obligations under the terms of this Agreement.

7.9 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth in this Section 7.9, performance by either party hereunder shall not be deemed to be in default and such party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the reasonable control and without the fault of such party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of the public enemy; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of the other party; acts or the failure to act of Authority or any other public or governmental agency or entity (except that any act or failure to act of or by Authority shall not excuse performance by Authority). Notwithstanding the foregoing, Grantee's inability to secure satisfactory financing, interest rates, and market and economic conditions shall not entitle Grantee to an extension of time to perform. An extension of time for any cause permitted under this Section 7.9 shall be limited to the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other party.

Times of performance under this Agreement may be extended by mutual written agreement of Authority and Grantee.

7.10 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted

by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

7.11 Representations and Warranties. Grantee and each person executing this Agreement on behalf of Grantee represents and warrants that: (a) Grantee is a California limited liability company in good standing and authorized to do business in the State of California; (b) Grantee has all requisite power and authority to carry out its business as now and whenever conducted and to enter into and perform its obligations under this Agreement and the agreements attached to this Agreement; (c) by proper action of Grantee, Grantee's signatories have been duly authorized to execute and deliver this Agreement; (d) the execution of this Agreement by Grantee does not violate any provision of any other agreement to which Grantee is a party; and (e) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by Grantee are necessary in connection with the execution of this Agreement by Grantee or with the performance by Grantee of its obligations hereunder.

7.12 Authority Contract Administration. The Executive Director for the Authority (or his or her authorized representative) shall administer this Agreement on behalf of Authority and shall have the authority to issue interpretations, waive provisions, extend deadlines, enter into amendments of, and terminate this Agreement on behalf of Authority, subject to Authority Board approval whenever applicable under Authority policy or law.

7.13 Execution in Counterpart. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

7.14 Attachments. Attachment Nos. 1-7 attached to this Agreement are incorporated herein by this reference and made a part hereof. Said Attachments are identified as follows:

ATTACHMENT NO. 1	LEGAL DESCRIPTION OF SITE
ATTACHMENT NO. 2	REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS
ATTACHMENT NO. 3	PROJECT BUDGET
ATTACHMENT NO. 4	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 5	GRANTEE'S PRO FORMA
ATTACHMENT NO. 6	CERTIFICATE OF OCCUPANCY
ATTACHMENT NO. 7	CERTIFICATE OF COMPLETION

[signatures on following page]



IN WITNESS WHEREOF, Authority and Grantee have executed this Agreement as of the date set forth above.

“AUTHORITY”

STANTON HOUSING AUTHORITY, a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

“GRANTEE”

JHC-KATELLA LLC, a California limited liability company

By: Jamboree Housing Corporation, a California nonprofit public benefit corporation,

Its: Manager

By: \_\_\_\_\_  
Laura Archuleta, President and CEO

## ATTACHMENT NO. 1

### LEGAL DESCRIPTION OF SITE

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

That portion of Section 23, Township 4 South, Range 11 West, in the City of Station, County of Orange, State of California, in the Ranchos Los Coyotes and Los Alamitos, as shown in Book 51, Page 12 of Miscellaneous Maps, in the Office of Orange County, described as follows:

Commencing at the intersection of the compromise boundary line between said Ranchos with the Northerly boundary line of Katella Avenue, as shown on a Map of Survey recorded in Book 13, Page 14, records of Surveys, in the Office of the County Recorder of said County; thence North  $88^{\circ} 45'$  West along said Northerly line 525.09 feet to the true point of beginning; thence North  $0^{\circ} 48' 30''$  West 333.58 feet; thence North  $89^{\circ} 02' 30''$  East 153.22 feet; thence South  $0^{\circ} 48' 30''$  West 339.44 feet to said North line of Katella Avenue; thence North  $88^{\circ} 46'$  West 153.28 feet to the true point of beginning.

Except therefrom that portion of the Southwest quarter of fractional Section 23, Township 4 South, Range 11 West, in the Rancho Los Alamitos, shown on map no, attached to the final decree of partition of said Rancho, a certified copy of which was recorded February 2, 1891, in Book 14, Page 31 of Deeds, in the Office of the County Recorder of said County, as described in the deed to Tony Fiamengo, recorded June 19, 1958, in Book 4322, Page 284, Official Records, in the Office of the County Recorder of said County Recorder of said County, that lies Southerly of a line that is parallel and concentric with and 60.00 feet Northerly from the center line of Katella Avenue as shown on the Map of said Tract No. 7294, recorded in Book 272, Page(s) 17 through 20 of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 079-762-61 and 079-762-26

(End of Legal Description)

**ATTACHMENT NO. 2**

**REGULATORY AGREEMENT AND DECLARATION  
OF COVENANTS AND RESTRICTIONS**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Stanton  
7800 Katella Avenue  
Stanton, CA 90680  
Attn: City Manager

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**REGULATORY AGREEMENT  
(Stanton Inn & Suites Affordable Housing Project)**

**by and between**

**THE STANTON HOUSING AUTHORITY,  
a public body, corporate and politic,**

**and**

**JHC-KATELLA LLC,  
a California limited liability company**

**[Dated as of \_\_\_\_\_, 2020 for reference purposes only]**

**REGULATORY AGREEMENT  
(Stanton Inn & Suites Affordable Housing Project)**

This REGULATORY AGREEMENT (Stanton Inn & Suites Affordable Housing Project) (“**Regulatory Agreement**”) is made and entered into as of \_\_\_\_\_, 2020, by and between THE STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and JHC-KATELLA LLC, a California limited liability company (“**Owner**”).

**RECITALS**

A. The Authority and the Owner entered into that certain Affordable Housing Grant and Regulatory Agreement (Stanton Inn & Suites Affordable Housing Project) dated as of \_\_\_\_\_ (the “**Affordable Housing Agreement**”), which provides that the Authority will grant certain funds to the Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority has agreed to provide financial assistance to the Owner for use as a 5-year operating subsidy following Owner’s acquisition of the 72-unit Hotel and initial use thereof by the Owner for Interim Housing, and thereafter, as a 72-unit multifamily permanent supportive housing residential development (the “**Project**”).

B. The Authority and the Owner desire that, following the initial Interim Housing Period (which period shall not exceed five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Households at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement and continuing for (i) at most five (5) years as Interim Housing, then (ii) for fifty-five (55) years following the recordation of a Certificate of Completion vis-à-vis readiness of the Hotel for operation as Permanent Supportive Housing (“**Term**”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period of the Term. Thereafter, the Project will be converted to Permanent Supportive Housing for the subsequent fifty-five (55) years of the Term.

C. Pursuant to this Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Property shall be rented to income-qualified tenants at Affordable Rents pursuant to this Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT,**

**THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

1.1. 80% Low Income Household. An individual or household that has a household income equal to or less than eighty percent (80%) of then current AMI adjusted for household size, as published by HCD annually.

1.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

1.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

1.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

1.5. Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

1.6. Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Permanent Supportive Housing to 80% Low Income Households in compliance with the terms and conditions of this Regulatory Agreement.

1.7. Authority Parties. Collectively, the Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives.

1.8. HCD. The California Department of Housing and Community Development.

1.9. HUD. The United States Department of Housing and Urban Development.

1.10. Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by HCD or other governmental agencies.

1.11. Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.12. Manager Unit. The two (2) Units within the Project reserved exclusively for use by the on-site manager employed by the Owner or the Property Manager, as applicable.

1.13. Project. The operation of a multi-family rental housing project which shall include not less than seventy-two (72) units, all but two (2) of which shall be occupied by individuals from the Target Population, during the Interim Housing Period of the Term, and then rented to Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

1.14. Property. Approximately 1.02 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

1.15. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.16. Qualified Households. A household that (1) intends to reside in the Hotel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed the maximum income allowable for the subject unit.

1.17. Term. The period of time following the date of recordation of this Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

1.18. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer's liability insurance policy or endorsement to a liability insurance policy, with , a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

2. Reservation of Property for Affordable Housing. During the Permanent Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. Two (2) Units within the Project may be used as Manager's Units at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

3. Affordable Multi-Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not knowingly or recklessly permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.



7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit set forth in Section 1.2. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit as necessary to maintain the tenant income mix specified in Section 6.

7.2. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease. In any event, if the income category of a Qualified Household upon recertification is different from the previous income of the Qualified Household, the Owner or Property Manager shall rent the next available unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 6.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying

units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. The Owner shall submit its first Annual Report to the Authority on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to the Authority. The Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel.

8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender

identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the

Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, the Executive Director and/or the Authority shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority’s right to remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) to remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director’s selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term “Gross Mismanagement” shall mean management of the Project in a manner which violates the terms of this Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. Knowingly or recklessly leasing a unit (other than two Manager’s Units) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be discovered

by the Property Manager initially through the exercise of ordinary and customary due diligence);

- 11.2.2. Knowingly or recklessly allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws;
- 11.2.3. Under-funding required reserve accounts;
- 11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan after written notice and expiration of the applicable cure period;
- 11.2.5. Failing to submit timely and/or complete annual reports to the Authority as required herein;
- 11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- 11.2.7. Failing to timely correct any violation issued by the Orange County Sheriff's Department (the entity currently providing law enforcement services to the Authority) or other local law enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law;
- 11.2.8. Failing to timely correct any violation issued by the Orange County Fire Authority or other local public safety agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law; and
- 11.2.9. Failing to timely correct any violation issued by a local health and safety enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use its commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection

right.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits, may include the following services: after school programs of an ongoing nature for school age children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates making any changes to Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. Grantee shall also provide to the Authority, an annual an Economic Mobility Report ("Report"). This Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;

11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;

11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;

11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

- 11.5.1.5. shall provide that the policy will not be cancelled by the insurer or Grantee unless there is a minimum of thirty (30) days prior written notice to Authority;
- 11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- 11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for



damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are

available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current “Best’s Key Rating Guide—Property/Casualty—United States & Canada” publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of “A-” and a minimum financial size category of “XI” (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above (“**Maintenance Deficiency**”), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. “Maintenance Deficiency” includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall

become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lenders for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lenders for the Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty Dollars

(\$250) per Unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's

actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of the Owner's actions to conduct Repairs result in displacement of any of the Units' residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement . The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

#### 15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall

constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an “**Event of Default**” hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to

enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

JHC-Katella LLC  
c/o Jamboree Housing Corporation  
17701 Cowan Avenue, Suite 200  
Irvine, CA 92614  
Attention: Vicky Rodriguez, Senior Director  
Facsimile: (949) 263-0647  
Email: vrodriguez@jamboreehousing.com



*With copies to:*

Rutan & Tucker, LLP  
18575 Jamboree Road, 9<sup>th</sup> Floor  
Irvine, CA 92612  
Attention: Patrick D. McCalla, Esq.  
Facsimile: (714) 546-9035  
Email: pmccalla@rutan.com

To the Authority:

Stanton Housing Authority  
7800 Katella Avenue  
Stanton, CA 90680  
Attention: Jarad Hildenbrand, Executive Director  
Facsimile: (714) 890-1443  
Email: jhildenbrand@ci.stanton.ca.us

*With copies to:*

Best Best & Krieger LLP  
18101 Von Karman Avenue  
Irvine, CA 92612  
Attention: Elizabeth Hull, Esq.  
Facsimile: (949) 260-0972  
Email: elizabeth.hull@bbklaw.com

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any approvals) or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or

assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not provided otherwise in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes in the number or affordability of the units so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

**[Signatures on following pages]**

**AUTHORITY SIGNATURE PAGE  
TO  
REGULATORY AGREEMENT  
(Stanton Inn & Suites Affordable Housing Project)**

**AUTHORITY:**

STANTON HOUSING AUTHORITY,  
a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**OWNER SIGNATURE PAGE  
TO  
REGULATORY AGREEMENT**  
(Stanton Inn & Suites Affordable Housing Project)

**OWNER:**

JHC-KATELLA LLC,  
a California limited liability company

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Laura Archuleta, President and CEO

ATTACHMENT NO. 1  
TO  
REGULATORY AGREEMENT  
(Stanton Inn & Suites Affordable Housing Project)

**Property Legal Description**

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

That portion of Section 23, Township 4 South, Range 11 West, in the City of Station, County of Orange, State of California, in the Ranchos Los Coyotes and Los Alamitos, as shown in Book 51, Page 12 of Miscellaneous Maps, in the Office of Orange County, described as follows:

Commencing at the intersection of the compromise boundary line between said Ranchos with the Northerly boundary line of Katella Avenue, as shown on a Map of Survey recorded in Book 13, Page 14, records of Surveys, in the Office of the County Recorder of said County; thence North 88° 45' West along said Northerly line 525.09 feet to the true point of beginning; thence North 0° 48' 30" West 333.58 feet; thence North 89° 02' 30" East 153.22 feet; thence South 0° 48' 30" West 339.44 feet to said North line of Katella Avenue; thence North 88° 46' West 153.28 feet to the true point of beginning.

Except therefrom that portion of the Southwest quarter of fractional Section 23, Township 4 South, Range 11 West, in the Rancho Los Alamitos, shown on map no, attached to the final decree of partition of said Rancho, a certified copy of which was recorded February 2, 1891, in Book 14, Page 31 of Deeds, in the Office of the County Recorder of said County, as described in the deed to Tony Fiamengo, recorded June 19, 1958, in Book 4322, Page 284, Official Records, in the Office of the County Recorder of said County Recorder of said County, that lies Southerly of a line that is parallel and concentric with and 60.00 feet Northerly from the center line of Katella Avenue as shown on the Map of said Tract No. 7294, recorded in Book 272, Page(s) 17 through 20 of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 079-762-61 and 079-762-26

(End of Legal Description)

ATTACHMENT NO. 2  
 TO  
 REGULATORY AGREEMENT  
 (Stanton Inn & Suites Affordable Housing Project)

**Certification of Tenant Eligibility**

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income during the Permanent Supportive Housing Period.

Re: Stanton Inn & Suites Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

1.	2.	3.	4.	5.
Names of Members of Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. Head of Household (check one):

Mother: \_\_\_\_\_

Father: \_\_\_\_\_

Other: \_\_\_\_\_ (specify relationship – i.e. legal guardian, sister, brother, etc.)

## Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ \_\_\_\_\_.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? \_\_\_ Yes \_\_\_ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? \_\_\_ Yes \_\_\_ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? \_\_\_ Yes \_\_\_ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$\_\_\_\_\_; and



(ii) the amount of such income, if any, that was included in item 6 above:  
\$ \_\_\_\_\_

9.

(a) Are all of the individuals who propose to reside in the unit full-time students\*?  
\_\_\_\_ Yes \_\_\_\_ No

\*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? \_\_\_\_ Yes \_\_\_\_ No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: \_\_\_\_\_

Race (Head of Household)

White \_\_\_\_\_ Asian \_\_\_\_\_ Hispanic \_\_\_\_\_

African-American \_\_\_\_\_ Native American \_\_\_\_\_ Other \_\_\_\_\_

Physical Disability: Yes \_\_\_\_\_ No \_\_\_\_\_

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in the County of Orange, California.

\_\_\_\_\_

Applicant

\_\_\_\_\_

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$ \_\_\_\_\_

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ \_\_\_\_\_);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$ \_\_\_\_\_), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ \_\_\_\_\_;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$ \_\_\_\_\_

2. The amount entered in 1(c):

\_\_\_\_\_ Qualifies the applicant(s) as a Qualified Household.

\_\_\_\_\_ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification.

\_\_\_\_\_ Copies of tax returns.

\_\_\_\_\_ Other ( \_\_\_\_\_ )

\_\_\_\_\_  
Manager



ATTACHMENT NO. 3  
TO  
REGULATORY AGREEMENT  
(Stanton Inn & Suites Affordable Housing Project)

**Certificate of Continuing Program Compliance  
For Annual Reporting Period Ending \_\_\_\_\_**

The undersigned, \_\_\_\_\_, as the authorized representative of \_\_\_\_\_ LP, a California limited partnership (“Owner”), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Stanton Housing Authority (“Authority”), as established in numerous documents including the Regulatory Agreement, dated as of \_\_\_\_\_, 2020, between the Owner and the Authority.

As of the date of this Certificate, the following percentage of residential units in the Project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such unit, as indicated:

Number of Units occupied by Qualified Households: \_\_\_\_\_

Number of Vacant Units: \_\_\_\_\_

Number of Qualified Households who commenced \_\_\_\_\_

Occupancy during the preceding reporting period: \_\_\_\_\_

Attached is a separate sheet (“Occupancy Summary”) listing, among other items, the appropriate information for each residential unit in the Project, the occupants of each unit and the rent paid for each unit. The information contained thereon is true and accurate and reasonable and is based on information submitted to the Owner and is certified under penalty of perjury by each tenant.

**[Signatures on following page]**

The undersigned hereby certifies that (1) a review of the activities of the Owner during such reporting period and of the Owner's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Owner is not in default under any of the terms and provisions of the above documents.

Dated: \_\_\_\_\_

OWNER

\_\_\_\_\_  
Jamboree Housing Corporation, a California  
nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

OCCUPANCY SUMMARY

Total Number of Units in the Project: \_\_\_\_\_

Total Units occupied by Qualified Households: \_\_\_\_\_

Total Units available for rent to Qualified Households: \_\_\_\_\_

ATTACHED IS THE FOLLOWING INFORMATION:

- A. Resident and rental information on each occupied apartment in the complex.
  
- B. Certification of Tenant Eligibility for all Qualified Households who have moved into \_\_\_\_\_, Stanton, California, since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated: \_\_\_\_\_

OWNER:

\_\_\_\_\_  
Jamboree Housing Corporation, a California  
nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTACHMENT NO. 3

PROJECT BUDGET

**STANTON INN DEVELOPMENT BUDGET**

DEVELOPMENT SOURCES	Total Project Costs	Closing Draw November 2020	Draw #1 December 2020	Draw #2 January 2021	Draw #3 February 2021	Draw #4 March 2021
HOMEKEY Funds	\$7,920,000	\$7,548,756	\$371,244			
County of Orange MHSA Funds	\$1,085,000		\$204,988	\$308,338	\$285,837	285,838
<b>TOTAL SOURCES</b>	<b>\$9,005,000</b>	<b>\$7,548,756</b>	<b>\$576,232</b>	<b>\$308,338</b>	<b>\$285,837</b>	<b>\$ 285,838</b>

DEVELOPMENT USES	Total Project Costs	Closing Draw November 2020	Draw #1 December 2020	Draw #2 January 2021	Draw #3 February 2021	Draw #4 March 2021
<b>LAND COST/ACQUISITION</b>						
Land Cost or Value	\$7,300,000	\$7,300,000				
<b>Total Land Cost / Acquisition Cost</b>	<b>\$7,300,000</b>	<b>\$7,300,000</b>				
<b>REHABILITATION</b>						
Site Work	\$7,500		\$7,500			
Structures	\$720,000		\$376,244	\$114,585	\$114,585	114,586
General Requirements	\$65,030		\$1,111	\$21,306	\$21,306	21,307
Contractor Overhead	\$17,010		\$2,500	\$4,837	\$4,837	4,836
Contractor Profit	\$17,010		\$2,500	\$4,837	\$4,837	4,836
<b>Total Rehabilitation Costs</b>	<b>\$826,550</b>	<b>\$0</b>	<b>\$389,855</b>	<b>\$145,565</b>	<b>\$145,565</b>	<b>\$145,565</b>
<b>Total Relocation Expenses</b>						
<b>ARCHITECTURAL FEES</b>						
Design	\$40,000	\$15,000	\$10,000	\$5,000	\$5,000	5,000
<b>Total Architectural Costs</b>	<b>\$40,000</b>	<b>\$15,000</b>	<b>\$10,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>
<b>Total Survey &amp; Engineering</b>	<b>\$17,500</b>	<b>\$10,000</b>		<b>\$7,500</b>		
<b>CONSTRUCTION INTEREST &amp; FEES</b>						
Title & Recording	\$25,000	\$25,000				
Taxes	\$180,633	\$111,256	\$69,377			
Insurance	\$35,000	\$35,000				
<b>Total Construction Fees</b>	<b>\$240,633</b>	<b>\$171,256</b>	<b>\$69,377</b>	<b>\$0</b>	<b>\$0</b>	
<b>LEGAL FEES</b>						
Legal Paid by Applicant	\$65,000	\$35,000	\$25,000	\$5,000		
<b>Total Attorney Costs</b>	<b>\$65,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$5,000</b>	<b>\$0</b>	
<b>CONTINGENCY COSTS</b>						
Construction Hard Cost Contingency	\$107,655			\$35,885	\$35,885	35,885
Soft Cost Contingency	\$136,162			\$45,387	\$45,387	45,388
<b>Total Contingency Costs</b>	<b>\$243,817</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,272</b>	<b>\$81,272</b>	<b>\$81,273</b>
<b>OTHER PROJECT COSTS</b>						
Environmental Audit	\$10,500	\$7,500	\$3,000			
Permit Processing Fees	\$35,000		\$25,000	\$10,000		
Furnishings	\$216,000		\$54,000	\$54,000	\$54,000	54,000
Appraisal Costs	\$10,000	\$10,000				
<b>Total Other Costs</b>	<b>\$271,500</b>	<b>\$17,500</b>	<b>\$82,000</b>	<b>\$64,000</b>	<b>\$54,000</b>	<b>\$54,000</b>
<b>TOTAL USES</b>	<b>\$9,005,000</b>	<b>\$7,548,756</b>	<b>\$576,232</b>	<b>\$308,338</b>	<b>\$285,837</b>	<b>\$285,838</b>



**ATTACHMENT NO. 4**

**SCHEDULE OF PERFORMANCE**

<b>ITEM OF PERFORMANCE</b>		<b>TIME FOR PERFORMANCE</b>
	Closing on Interim Housing	November 20, 2020 or such date as extended by State HCD
	Initial Rehabilitation	December 2020-March 2021

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule and the text of the Agreement, the text shall govern.

**ATTACHMENT NO. 5**

**GRANTEE'S PRO FORMA**

<b>5 Year Operating Cash Flow - Stanton Inn &amp; Suites</b>							
<b>OPERATING SUBSIDY INCOME</b>	<b>Inflation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>TOTAL</b>
City of Stanton Operating Subsidy		607,712	607,712	607,712	607,711	607,713	3,038,562
County of Orange Operating Subsidy		652,948	727,311	1,668,278	1,747,936	1,830,384	6,626,857
HOMEKEY Operating Subsidy		864,000	864,000				1,728,000
<b>GROSS OPERATING SUBSIDY</b>		<b>2,124,660</b>	<b>2,199,023</b>	<b>2,275,990</b>	<b>2,355,647</b>	<b>2,438,097</b>	<b>11,393,419</b>
<b>OPERATING EXPENSES</b>							
Residential Expenses	3.5%	973,089	1,008,816	1,045,828	1,082,432	1,120,317	5,230,481
Real Estate Taxes	2.0%	111,255	113,480	115,750	119,799	123,994	584,277
Supportive Services Costs	3.5%	1,040,316	1,076,727	1,114,413	1,153,417	1,193,787	5,578,661
<b>TOTAL EXPENSES</b>		<b>2,124,660</b>	<b>2,199,023</b>	<b>2,275,990</b>	<b>2,355,647</b>	<b>2,438,097</b>	<b>11,393,419</b>

**ATTACHMENT NO. 6**

**CERTIFICATE OF OCCUPANCY**

**FORM OF CERTIFICATE OF OCCUPANCY**

**CERTIFICATE OF OCCUPANCY**

*This Certificate issued pursuant to the requirements of Chapter 1 Section 111 of the 2019 California Building Code certifying that at the time of issuance this structure and use is in compliance with all the applicable ordinances of the City of Stanton, including conditions of approval of the use regulating building construction or use for the following:*

Building Address: _____	Building Permit No: _____
Owner Name: _____	Occupancy Group: _____
Owner Address: _____	Occupancy Load: _____
_____	Square Footage: _____
Tenant Name: _____	Construction Type: _____
Tenant Address: _____	APN: _____
_____	Zoning: _____
Issued Date: _____	Sprinklers: _____
Description: _____	_____
Limitations: _____	_____

\_\_\_\_\_

\_\_\_\_\_ Date

*This certificate shall be posted in a conspicuous place on the premises and shall not be removed except by the Building Official.*

**ATTACHMENT NO. 7**

**CERTIFICATE OF COMPLETION**

FORM OF CERTIFICATE OF COMPLETION

I, the Executive Director of the Stanton Housing Authority (“Authority”), hereby certify as follows:

Section 1. The Project, required to be constructed in accordance with that certain Affordable Housing Grant And Regulatory Agreement (“Agreement”) dated [INSERT DATE] by and between the Authority and Jamboree Housing Corporation (“Grantee”) on certain real property, as more specifically described in the Agreement (“Property”), has been completed in accordance with the provisions of the Agreement.

Section 2. This Certificate of Completion shall constitute a conclusive determination by the Authority of Grantee’s satisfaction of its obligation under the Agreement to complete the rehabilitation of the improvements on the Property, excluding any normal and customary tenant improvements and minor building “punch-list” items to prepare the Property for use as Permanent Supportive Housing. The Agreement is an official record of the Authority and a copy of the Agreement may be inspected in the office of the City Clerk located at 7800 Katella Avenue, Stanton, CA 90680, during the regular business hours of the Authority.

DATED AND ISSUED this \_\_\_\_\_ calendar day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_, Executive Director