

2
FIRST AMERICAN TITLE INSURANCE COMPANY
NATIONAL COMMERCIAL SERVICES
LOS ANGELES OFFICE

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REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Agreement") is made and entered into this 12th day of June, 2012, by and between the CITY OF PERRIS, a municipal corporation ("City") and as successor agency to the Perris Redevelopment Agency, a public body, corporate and politic ("Agency"), the CITY OF PERRIS, a municipal corporation ("City"), and PERRIS HOUSING INVESTORS, L.P., a California limited partnership ("Owner").

RECITALS:

A. Pursuant to a Disposition and Development Agreement between and among Agency and Owner dated April 20, 2009 and a First Amendment thereto dated as of March 9, 2011 (collectively, "DDA"), Agency agreed to provide to Owner real property and to TELACU Homes, Inc., a California nonprofit public benefit corporation ("TELACU"), the managing general partner of Owner, financial assistance in the amount of EIGHT MILLION THREE HUNDRED TWENTY NINE THOUSAND FIVE HUNDRED NINETY-FIVE AND 79/100 DOLLARS (\$8,329,595.79) (collectively the "Agency Assistance"), all for the purpose of assisting Owner in the acquisition of real property and the development of a mixed use project as further described herein on that certain real property located in the City of Perris, County of Riverside, State of California, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference ("Site").

B. Pursuant to the DDA, Owner has agreed to develop, construct, and maintain a mixed use project consisting of a maximum of eighty-four (84) residential units ("Residential Units"), including one (1) resident manager's unit, as well as 9,300 square feet of commercial space and 75 parking spaces (hereinafter referred to collectively as the "Project") on the Site. All of the Residential Units shall be Senior Citizen Restricted Residential Units for extremely low, very low and low income households

C. The City has fee or easement interests in various streets, sidewalks and other property within the City and is responsible for the planning and development of land within the City in such a manner so as to provide for the health, safety and welfare of the residents of the City.

NCS-430487-21

D. City and Owner now desire to place restrictions upon the use and operation of the Project to ensure that the Residential Units within the Project are leased continuously during the term of this Agreement.

E. It is the intent of the parties that the title vested in Owner by the Grant Deed for the Site dated June 12, 2012 ("Grant Deed"), recorded concurrently herewith in Office of the County Recorder for the County of Riverside be subject to this Regulatory Agreement, and that the terms hereof shall be binding on the Owner and its successors in interest in the Site for so long as this Regulatory Agreement shall remain in effect.

A G R E E M E N T :

NOW, THEREFORE, the Owner and City declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and sale of the Site, and are established expressly and exclusively for the use and benefit of the City, the residents of the City, and every person renting a Residential Unit on the Site.

A. DEFINITIONS.

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

1. **Affordable Extremely Low Income Rent.** The term "Affordable Extremely Low Income Rent" shall mean annual rentals whose amount does not exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently thirty percent (30%) times thirty percent (30%) of the Riverside County Median Income adjusted for the family size appropriate for the Residential Unit.

2. **Affordable Low Income Rent.** The term "Affordable Low Income Rent" shall mean annual rentals whose amount does not exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently thirty percent (30%) of eighty percent (80%) of the Riverside County Median Income adjusted for the family size appropriate for the Residential Unit.

3. **Affordable Rent.** The term "Affordable Rent" shall refer to collectively Affordable Extremely Low Income Rent, Affordable Very Low Income Rent and Affordable Low Income Rent.

4. **Affordable Very Low Income Rent.** The term "Affordable Very Low Income Rent" shall mean annual rentals whose amount does not exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently thirty percent (30%) of fifty percent (50%) of the Riverside County Median Income adjusted for the family size appropriate for the Residential Unit.

5. **Commercial Unit.** The term "Commercial Unit" shall mean each of the commercial units available for lease on the first floor of the Project.

6. **Eligible Tenant.** The term "Eligible Tenant" shall refer to a Senior Citizen tenant who is a member of an Extremely Low Income, Very Low Income, or a Low Income Household.

7. **Extremely Low Income Tenant.** The term "Extremely Low Income Tenant" shall mean those tenants whose income does not exceed thirty percent (30%) times thirty percent (30%) of the area median income for Riverside County, adjusted for applicable household size.

8. **Low Income Tenant.** The term "Low Income Tenant" shall mean those tenants whose household income does not exceed eighty percent (80%) of the Riverside County Median Income.

9. **Permitted Health Care Resident.** As used in this Agreement, the term "Permitted Health Care Resident" shall have the meaning ascribed by Section 51.11(b)(7) of the California Civil Code, as may be amended. Section 51.11(b)(7) currently provides that a Permitted Health Care Resident is a person who is hired to provide live-in, long-term, or terminal health care to a qualifying resident.

10. **Project Manager.** As used in this Agreement, the term "Project Manager" shall refer to that entity, to be designated by Owner and approved by City, who shall be responsible for operating and maintaining the Project in accordance with the terms of this Agreement. Prior to City's approval, Owner shall act as Project Manager.

11. **Qualified Permanent Resident.** The term "Qualified Permanent Resident" shall have the meaning ascribed in California Civil Code Section 51.11(b)(2) or (3), as may be amended. Section 51.11(b)(2) currently provides that a Qualified Permanent Resident is a person who meets both of the following requirements:

a. Was residing with the Senior Citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen; and

b. Was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen.

Section 51.11(3) currently provides that a Qualified Permanent Resident also means a disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen who needs to live with the Senior Citizen because of the disabling condition, illness, or injury.

12. **Resident Manager.** The term "Resident Manager" shall refer to that individual (or those individuals) who may reside in the Project and who are responsible for day-to-day management of the Project.

13. Restricted Unit. The term "Restricted Unit" shall refer to all of the Residential Units which shall be reserved for Eligible Tenants or the Resident Manager.

14. Riverside County Median Income. The term "Riverside County Median Income" shall be determined by reference to the regulations published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, or its successor.

15. Senior Citizen. The term "Senior Citizen" shall mean a person fifty-five (55) years of age or older, as defined in California Civil Code Section 51.11(b)(1).

16. Residential Unit. The term "Residential Unit" shall refer to any of the up to eighty-four (84) residential units in the Project.

17. Very Low Income Tenant. The term "Very Low Income Tenant" shall mean those tenants whose income does not exceed fifty percent (50%) of the Riverside County Median Income.

B. RESIDENTIAL RENTAL PROPERTY. The Owner hereby agrees that the 84 residential units of the Project are to be owned, managed, and operated as a project for extremely low, very low and low income residential rental purposes for a term equal to fifty-five (55) years, commencing upon the date of the recordation of the Release of Construction Covenants for the Site in accordance with the DDA ("Term"). To that end, and for the term of this Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

1. Purpose. The Site is being acquired and the Project constructed for the purpose of providing extremely low, very low and low income rental housing and the Owner shall own, manage, and operate the Project as a project to provide extremely low, very low and low income rental housing, together with any functionally related and subordinate facilities, as part of a mixed use building.

2. Residential Use. None of the Residential Units in the Project will at any time be utilized on a transient basis or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park without the City's prior consent which consent may be given or withheld in its sole and absolute discretion.

3. Conversion of Project. No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership, without the prior written approval of City which approval may be given or withheld in its sole and absolute discretion.

4. Preference to Eligible Tenants. All of the Residential Units will be available for rental in accordance with the terms of this Agreement, and the Owner shall not give preference to any particular class or group in renting the Residential Units in the Project, except to the extent that the Residential Units are

required to be leased or rented to Eligible Tenants and except as provided in Section C.6 below.

5. Resident Manager. Up to one Unit in the Project may be occupied by a Resident Manager.

6. Liability of Owner. Owner and Resident Manager shall not incur any liability under this Agreement as a result of fraud or intentional misrepresentation by a tenant.

C. OCCUPANCY OF PROJECT BY ELIGIBLE TENANTS. Owner hereby represents, warrants, and covenants as follows:

1. Occupancy. Except as expressly provided herein, throughout the term of this Agreement the occupancy of all of the Residential Units in the Project (excluding the Resident Manager Unit) shall be restricted to Eligible Tenants and qualified members of the Eligible Tenant's household.

2. Occupancy by Senior Citizens. In addition to the occupancy restrictions in Section C.1, all of the Residential Units in the Project shall be restricted to Extremely Low Income Senior Citizen Tenants, Very Low Income Senior Citizen Tenants and Low Income Senior Citizen Tenants and qualified members of their households as provided in this Section. Subject to the requirements of applicable law (including, without limitation, the Unruh Civil Rights Act, § 51 *et seq.* of the California Civil Code, and the Federal Fair Housing Act, 42 USC § 3607 *et seq.*), all of the Residential Units shall be independent living apartments specially designed for the physical and social needs of person fifty-five (55) years of age or older in accordance with the Project entitlements. In accordance with California Civil Code § 51.11(c), at least one person in residence in each dwelling unit must be a Senior Citizen, and other residents in the same dwelling unit who are not Senior Citizens must be Qualified Permanent Residents, Permitted Health Care Residents, or a person under 55 years of age whose occupancy is required to be permitted under state law. Temporary guests of a Senior Citizen or Qualified Permanent Resident shall be allowed for a period of not more than sixty (60) days in any twelve (12) month period. Upon the death, dissolution of marriage, hospitalization or other prolonged absence of the Senior Citizen in a dwelling unit, any Qualified Permanent Resident who has continuously resided in the dwelling unit with such Senior Citizen shall be permitted to continue as a resident of that dwelling unit provided such person shall meet the income restrictions applicable to an Eligible Tenant. "Permitted Health Care Residents" (as that term is defined in California Civil Code Section 51.11) shall be permitted to occupy any dwelling unit during any period that such person is actually providing live-in, long-term or hospice health care to a Senior Citizen tenant or Qualified Permanent Resident tenant for compensation. Notwithstanding the foregoing, in the event applicable laws enacted after the Effective Date prohibit the restriction of the Project to occupancy by Senior Citizens as defined herein as persons fifty-five (55) years of age or older, the Owner shall notify the City in writing of such prohibition and the City shall redefine the occupancy requirements for the Project in accordance with applicable law.

3. Expiration of Occupancy and Rent Restrictions. The Residential Units shall be subject to the restrictions contained in this Section C for the Term of this Agreement. All tenants residing in the Residential Units during the final two (2) years of the Term shall be given notice of the expiration of the Term at least once every six (6) months during the final two years. After the expiration of the Term, the rents payable on the Residential Units may be raised to market rates.

4. Rental Rates. Owner hereby agrees to rent those Residential Units occupied by Extremely Low Income Tenants at no greater than Affordable Low Income Rent, to rent those Residential Units occupied by Very Low Income Tenants at no greater than Very Low Income Rent and to rent those Residential Units occupied by Extremely Low Income Tenants at no greater than Extremely Low Income Rent.

5. Occupancy By Eligible Tenant. A Residential Unit occupied by an Eligible Tenant shall be treated as occupied by an Eligible Tenant until a recertification of such tenant's income in accordance with Section C.9 below demonstrates that such tenant no longer qualifies as an Eligible Tenant.

6. Income Computation Certificate. Immediately prior to an Eligible Tenant's occupancy of a Residential Unit, Owner shall obtain and maintain on file an Income Computation and Certification form (which form shall be approved in advance by the City) from each such Eligible Tenant dated immediately prior to the date of initial occupancy in the Project by such Eligible Tenant. In addition, the Owner will provide such further information as may be required in the future by the City. Owner shall use its best efforts to verify that the income provided by an applicant is accurate by taking the following steps as a part of the verification process: (i) obtain three (3) pay stubs for the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is satisfactory to the City; or (v) such other information as may be reasonably requested by the City. A copy of each such Income Computation and Certification shall be filed with the City prior to the occupancy of a Residential Unit by an Eligible Tenant whenever possible, but in no event more than thirty (30) days after initial occupancy by said tenant.

7. Rental Priority. During the term of this Agreement, and to the extent allowed under applicable Affordable Housing Program restrictions, Owner shall use its best efforts to lease vacant Residential Units reserved for Eligible Tenants in the following order of priority: (i) displaced persons entitled to a preference pursuant to California Health and Safety Code Section 33411.3 or successor statute, with highest priority in this category to residents of Perris; (ii) residents of the City of Perris; and (iii) other persons meeting the eligibility requirements of this Agreement. Owner shall and City may maintain a list (the "Housing List") of persons who have filed a complete application with Owner to rent a Residential Unit in the Project and who have incomes which would qualify

them as an Eligible Tenant, and Owner shall offer to rent Residential Units on the above-referenced priority basis. Should multiple tenants be equally eligible and qualified to rent a Residential Unit, Owner shall rent available Residential Units to Eligible Tenants on a first-come, first-served basis.

8. Renting Vacant Units. When a Residential Unit becomes available as a result of a tenant vacation, Owner shall rent the Residential Unit to an Eligible Tenant in accordance with the order of priority set forth in Section C.7.

9. Income Recertification. Immediately prior to the first anniversary date of the occupancy of a Residential Unit by an Eligible Tenant and on each anniversary date thereafter, Owner shall recertify the income of such Eligible Tenant by obtaining a completed Income Computation and Certification based upon the current income of each occupant of the Residential Unit. In the event the recertification demonstrates that such household's income exceeds the income at which such household would qualify as an Eligible Tenant, such household will no longer qualify as an Eligible Tenant. If the occupant, upon recertification, does not qualify as an Eligible Tenant, the occupant's lease shall be terminated in accordance with Section C.10. Owner shall provide the City with a copy of each such recertification with the next submission of Certificate of Continuing Program Compliance pursuant to Section C.11.

10. Intentionally Omitted.

11. Certificate of Continuing Program Compliance. Upon the issuance of the Release of Construction Covenants and annually by January 31 of each year, or at any time upon the written request of City, Owner shall advise the City of the occupancy of the Project by delivering a Certificate of Continuing Program Compliance in the form attached hereto as Exhibit "B," certifying: (i) the number of Residential Units of the Project which were occupied or deemed occupied pursuant to Section C.1 by an Eligible Tenant or Qualified Permanent Resident during such period, and (ii) to the knowledge of Owner either (a) no unremedied default has occurred under this Agreement, or (b) a default has occurred, in which event the Certificate shall describe the nature of the default and set forth the measures being taken by the Owner to remedy such default. Owner agrees to pay City a fee pursuant to Health and Safety Code Section 33418(c) to offset City's cost of monitoring the affordable housing at the Site, which shall not exceed Five Hundred Dollars (\$500.00) per year.

12. Maintenance of Records. Owner shall maintain materially complete and accurate records pertaining to the Residential Units, and shall permit any duly authorized representative of the City to inspect the books and records of Owner pertaining to the Project including, but not limited to, those records pertaining to the occupancy of the Residential Units.

13. Reliance on Tenant Representations. Each lease shall contain a provision to the effect that Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Residential Unit, and that any material misstatement in such

certification (whether or not intentional) will be cause for immediate termination of such lease.

14. Conflicts. The leasing preference provision set forth in Section C.6 shall apply only in the event, and to the extent, such provisions are not in conflict with Internal Revenue Code provisions or IRS regulations.

15. City Remedy For Excessive Rent Charge.

a. It shall constitute a default for Owner to charge or accept for a Residential Unit rent amounts in excess of the amount provided for in Section C.4 of this Agreement. In the event that Owner charges or receives such higher rental amounts, in addition to any other remedy City shall have for such default, Owner shall be required to pay to City the entire amount of rent received in excess of the amount permitted pursuant to this Agreement.

b. It shall constitute a default for Owner to rent any Residential Unit to a tenant who is not an Eligible Tenant for the particular Residential Unit pursuant to the rental rate requirements set forth in Section C.4 of this Agreement. In the event Owner rents a Residential Unit to an ineligible tenant, in addition to any other equitable remedy City shall have for such default, Owner, for each separate violation shall be required to pay to City an amount equal to (i) two times the greater of (A) the total rent Owner received from such ineligible tenant or (B) the total rent Owner was entitled to receive for renting that Residential Unit, plus (ii) any relocation expenses incurred by City as a result of Owner having rented to such ineligible person.

c. It shall constitute a default for Owner to rent any of the Residential Units in violation of the leasing preference requirements of Sections C.7 of this Agreement. In the event Owner rents a Residential Unit in violation of the leasing preference requirements, in addition to any other equitable remedy City shall have for such default, Owner, for each separate violation shall be required to pay City an amount equal to two (2) months of rental charges for the Residential Unit with the highest rent. The terms of this Section C.15 shall not apply if Owner rents to an ineligible person as a result of such person's fraud or misrepresentation.

THE PARTIES HERETO AGREE THAT THE AMOUNTS SET FORTH IN SUBPARAGRAPHS (a) THROUGH (c) OF THIS SECTION C.15 (THE "DAMAGE AMOUNTS") CONSTITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT CITY WOULD SUFFER DUE TO THE DEFAULTS BY OWNER SET FORTH IN SUBPARAGRAPHS (a) THROUGH (c), CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO CITY AND ACCOMPLISHMENT OF CITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO ELIGIBLE TENANTS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE AMOUNTS SET FORTH IN THIS SECTION C.15 SHALL

BE THE SOLE MONETARY DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION C.15, BUT NOTHING IN THIS SECTION C.15 SHALL BE INTERPRETED TO LIMIT CITY'S REMEDY FOR SUCH DEFAULT TO SUCH A DAMAGES REMEDY. IN PLACING ITS INITIAL AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED

THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

OWNER'S INITIALS: 

CITY'S INITIALS: 

D. MAINTENANCE.

1. Maintenance Obligation. Owner, for itself and its successors and assigns, hereby covenants and agrees to maintain and repair or cause to be maintained and repaired the Site and all related on-site improvements and landscaping thereon, including, without limitation, buildings, parking areas, lighting, signs and walls in a first class condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction, at Owner's sole cost and expense. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition; and (iii) the repair, replacement and restriping of asphalt or concrete paving using the same type of material originally installed, to the end that such pavings at all times be kept in a level and smooth condition. In addition, Owner shall be required to maintain the Site in such a manner as to avoid the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or that such a condition of deterioration or disrepair causes appreciable harm or is materially detrimental to property or improvements within one thousand (1,000) feet of such portion of the Site.

2. Parking and Driveways. The driveways and traffic aisles on the Site shall be kept clear and unobstructed at all times. No vehicles or other obstruction shall project into any of such driveways or traffic aisles. Vehicles associated with the operation of the Site, including delivery vehicles, vehicles of employees and vehicles of persons with business on the Site shall park solely on the Site.

3. Tenant Compliance. Owner shall provide any proposed tenants of any portion of the Site with a copy of this Agreement and shall, prior to entering into any lease agreement, have the proposed tenant execute an affidavit agreeing to comply with the provisions of this Agreement. All lease agreements shall be in writing and shall contain provisions which make compliance with the conditions of this Agreement express covenants of the lease.

4. Right of Entry. In the event Owner fails to maintain the Site in the above-mentioned condition, and satisfactory progress is not made in correcting the condition within thirty (30) days from the date of written notice from City, or if Owner and City agree such condition cannot reasonably be cured within such 30-day period, Owner shall have such time as Owner and City mutually agree may be reasonably necessary to correct the condition provided that Owner is diligent in pursuit of the cure, City or City may, at their option, and without further notice to Owner, declare the unperformed maintenance to constitute a public nuisance. Thereafter, the City, and its employees, contractors or agents, may cure Owner's default by entering upon the Site and performing the necessary landscaping and/or maintenance. The City shall give Owner, its representative or the residential manager reasonable notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Regulatory Agreement. Owner shall pay such costs as are reasonably incurred by City for such maintenance, including attorneys' fees and costs. City shall conduct itself on the Site in such a manner so as not to interfere with, delay, or impede the operation of the Project and City shall indemnify and hold Owner free and harmless from any and all damages it sustains during its presence at the Site except if such damages are caused by the Owner's negligence or willful misconduct.

5. Lien. If such costs are not reimbursed within thirty (30) days after Owners' receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of the lower of ten percent (10%) per annum or the legal maximum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorneys' fees, shall be a personal obligation of Owner as well as a lien and charge, with power of sale, upon the property interests of Owner, and the rents, issues and profits of such property. City may bring an action at law against Owner obligated to pay any such sums or foreclose the lien against Owner's property interests. Any such lien may be enforced by sale by the City following recordation of a Notice of Default of Sale given in the manner and time required by law as in the case of a deed of trust; such sale to be conducted in accordance with the provisions of Section 2924, *et seq.*, 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.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust covering an ownership interest or leasehold or subleasehold estate in and to any Site approved by City pursuant to the DDA, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at the foreclosure sale, as owner of the subject Site after the date of such foreclosure sale, shall become a lien upon such Site upon recordation of a Notice of Assessment or Notice of Claim of Lien as herein provided.

E. MANAGEMENT.

1. Approval of Project Manager; Designation of Resident Manager. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Project Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain City's written approval, which shall not be unreasonably withheld, conditioned or delayed, of a management contract ("Management Contract") entered into between Owner and a Project Manager reasonably acceptable to City. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of City. The Management Contract shall also provide that the Project Manager shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and City. Owner shall promptly terminate any Project Manager which commits or allows such failure, unless the failure is cured within a reasonable period, in no event exceeding 60 days, from Project Manager's receipt of notice of the failure from Owner or City. Owner's obligation to retain a Project Manager shall remain in force and effect for the same duration as the use covenants set forth in Section B of this Agreement. Notwithstanding anything to the contrary in this Section, the Project may be self-managed by Owner with the prior approval of the City's City Manager.

In addition to the Project Manager, one Resident Manager shall be designated as necessary by Owner or Project Manager, with written notice to City of the Resident Manager's name, address and telephone number.

2. Serious Mismanagement. In the event of "Serious Mismanagement" (as that term is defined below) of the Project, City shall have the authority to require that such Serious Mismanagement cease immediately and, further, to require the immediate replacement of the Project Manager or Resident Managers. For purposes of this Agreement the term "Serious Mismanagement" shall mean management of the Project in a manner which violates the terms and/or intent of this Agreement and/or the Management Contract to operate an affordable senior housing and commercial building of the highest standard, and shall include, but is not limited to, the following:

- a. Knowingly leasing a Residential Unit to ineligible tenants or tenants whose income exceeds the prescribed levels;
- b. Knowingly allowing the tenants of a Residential Unit to exceed the prescribed occupancy levels without taking immediate steps to stop such overcrowding;
- c. Failing to timely maintain the Project and the Site in the manner required by this Agreement (including applicable cure periods);

d. Failing to timely submit the reports required by this Agreement or failing to submit materially complete reports (including applicable cure periods);

e. Fraud in connection with any document or representation relating to this Agreement or embezzlement of Project monies; and

f. Failing to fully cooperate with the City's Police Department in maintaining a crime-free environment on the Site.

F. COMPLIANCE WITH LAWS.

1. **State and Local Laws.** Owner shall comply with all ordinances, regulations and standards of the City applicable to the Site. Owner shall comply with all rules and regulations of any assessment district of the City with jurisdiction over the Site.

2. **Lease Approval.** City shall have the right, but is not required to, approve any lease forms, revisions, amendments or modification made to same, used by the Project Manager or Resident Managers for leasing Residential Units within the Site.

G. INSURANCE.

1. **Duty to Procure Insurance.** Owner covenants and agrees for itself, and its assigns and successors-in-interest in the Site that from completion of the Project as evidenced by City's issuance of a certificate of occupancy, and continuing thereafter until the expiration of the Term of this Agreement, Owner or such successors and assigns shall procure and keep in full force and effect, or cause to be procured and kept in full force and effect for the mutual benefit of Owner and City, and shall provide City with evidence reasonably acceptable to City Manager, insurance policies meeting the minimum requirements set forth below:

a. Commercial General Liability insurance with respect to the Site and the operations of or on behalf of Owner, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence combined single limit including products, completed operations, incidental, contractual, bodily injury, personal injury, death and property damage liability per occurrence, subject to such increases in amount as City may reasonably require from time to time. The insurance to be provided by Owner may provide for a deductible or self-insured retention of not more than Twenty-Five Thousand Dollars (\$25,000), with such maximum amount to increase at the same rate as the periodic increases in the minimum amount of total insurance coverage set forth above.

b. With respect to the improvements and any fixtures and furnishings to be owned by Owner on the Site, All Risk Property insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Riverside County, California, with the standard form fire insurance coverage in an amount equal to full actual

replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquake to the extent generally and commercially available at commercially reasonable rates, as determined by Owner. City shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

c. All policies of insurance required to be carried by Owner shall be written by responsible and solvent insurance companies licensed or authorized to do business in the State of California and having a policy-holder's rating of A or better, in the most recent addition of "Best's Key Rating Guide -- Property and Casualty." A copy of each paid-up policy evidencing such insurance (appropriately authenticated by the insurer) or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required herein, and containing the provisions specified herein, shall be delivered to City prior to its issuance of the Release of Construction Covenants for the Project and thereafter, upon renewals, not less than thirty (30) days prior to the expiration of coverage. City may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by Owner hereunder. In no event shall the limits of any policy be considered as limiting the liability of Owner hereunder.

d. Each insurance policy required to be carried by Owner pursuant to this Agreement shall contain the following endorsements, provisions or clauses:

(1) The insurer will not cancel or materially alter the coverage provided by such policy in a manner adverse to the interest of the insured without first giving City a minimum of ten (10) days prior written notice.

(2) A waiver by the insurer of any right to subrogation against City, its agents, employees, or representatives, which arises or might arise by reason of any payment under such policy or policies or by reason of any act or omission of City, its agents, officers, members, officials, employees, or representatives.

(3) The City, its agents, officers, members, officials, employees, volunteers, and representatives shall be named insureds on the Commercial General Liability policies.

(4) The City shall be loss payees on the All Risk Property insurance policies.

(5) Coverage provided by these policies shall be primary and non-contributory to any insurance carried by the City, its officers, officials, employees, volunteers, agents, or representatives.

(6) Failure to comply with reporting provisions shall not affect coverage provided to City, its officers, employees, volunteers, agents, or representatives.

e. City's Risk Manager may require an increase in the minimum limits of the insurance policies required by this Section as such increases are reasonably determined necessary to provide for changes in cost of living, liability exposure, the market for insurance, or the use of the Site. Such increases in insurance coverage shall be effective upon receipt of written notice from the Risk Manager, provided that Owner shall have the right to appeal a determination of increased coverage by the Risk Manager to the City Manager within 30 days of receipt of notice from the Risk Manager.

f. City's Risk Manager may waive or modify the insurance requirements set forth herein if such insurance is determined by the Risk Manager not to be commercially available. Owner shall submit such evidence of commercial availability as is reasonably required by the Risk Manager. At least annually, Owner shall review the availability of any insurance requirement waived or modified pursuant to this section, and shall meet any such insurance requirement as such insurance becomes commercially available.

2. Failure to Procure Insurance. If Owner fails to procure and maintain the above-required insurance despite its commercial availability, then City, in addition to any other remedy which City may have hereunder for Owner's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from time to time, after thirty (30) days written notice to Owner, procure such insurance and pay the premiums therefor, in which event Owner shall immediately repay City all sums so paid by City together with interest thereon at the maximum legal rate.

H. OBLIGATION TO REPAIR.

1. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to Section H.3 below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Owner, Owner shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project to substantially the same condition as the Project is required to be maintained in pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Owner shall complete the same as soon as possible thereafter so that the Project can continue to be operated and occupied as an affordable housing project in accordance with this Agreement. Subject to extensions of time for "force majeure" events described in the DDA, in no event shall the repair, replacement, or restoration period exceed sixteen (16) months from the date Owner obtains insurance proceeds unless City's City Manager, in his or her sole and absolute discretion, approves a longer period of time. City shall cooperate with Owner, at no expense to City, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Property do not permit the repair, replacement, or restoration, Owner may elect not to repair, replace, or restore the Project by giving notice to City (in which event Owner shall be entitled to all insurance proceeds but Owner

shall be required to remove all debris from the Site) or Owner may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the City, and the other governmental agency or agencies with jurisdiction.

If Owner fails to obtain insurance as required by the DDA or this Agreement (and City has not procured such insurance and charged Owner for the cost), Owner shall be obligated to reconstruct and repair any partial or total damage to the Project and improvements located on the site in accordance with this Section H.1.

2. Continued Operations. During any period of repair, Owner shall continue, or cause the continuation of, the operation of the Project to the extent reasonably practicable from the standpoint of prudent business management.

3. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the improvements comprising the Project are completely destroyed or substantially damaged by a casualty for which Owner is not required to (and has not) insured against, Owner shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing City with written notice of election not to repair, replace, or restore within one hundred eighty (180) days after such substantial damage or destruction. In such event, Owner shall remove all debris from the Property. As used in this Section H.3, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is fifty percent (50%) or more of the replacement cost of the improvements comprising the Project. In the event Owner does not timely elect not to repair, replace, or restore the improvements as set forth in the first sentence of this Section H.3, Owner shall be conclusively deemed to have waived its right not to repair, replace, or restore the improvements and thereafter Owner shall promptly commence and complete the repair, replacement, or restoration of the damaged or destroyed improvements in accordance with Section H.1 above and continue operation of the apartment complex during the period of repair (if practicable) in accordance with Section H.2 above.

I. LIMITATION ON TRANSFERS.

The Owner covenants that Owner shall not transfer the Site or any of its interests therein except as provided in this Section.

1. Transfer Defined. As used in this Section, the term "Transfer" shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A Transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) (in the aggregate) of the present ownership and/or control of any person or entity constituting Owner or its general partners, taking all transfers into account on a cumulative basis, except transfers of such ownership or control of interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family, or among the entities constituting Owner or its general partners or their respective

shareholders. In the event any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner, is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of such corporation, of beneficial interests of such trust. In the event that any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of such limited or general partnership interest. In the event that any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

2. City Approval of Transfer Required. Owner shall not Transfer the Site or any of Owner's rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of City, which shall not be unreasonably withheld, conditioned or delayed, and if so purported to be Transferred, the same shall be null and void. In considering whether it will grant approval of any Transfer by Owner of its interest in the Site, City shall consider factors such as (i) whether the completion of the Project is jeopardized; (ii) the financial credit, strength, and capability of the proposed transferee to perform City's obligations hereunder; and (iii) the proposed transferee's experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of specific written agreement by City, no transfer by Owner of all or any portion of its interest in the Site (including without limitation a transfer not requiring City approval hereunder) shall be deemed to relieve it or any successor party from the obligation to complete the Project or any other obligations under this Regulatory Agreement. In addition, no attempted transfer of any of Owner's obligations hereunder shall be effective unless and until the successor party executes and delivers to City an assumption agreement in a form approved by the City assuming such obligations.

3. Exceptions. The foregoing prohibition shall not apply to any of the following:

(a) Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing, but Owner shall notify City in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site.

(b) Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the acquisition of the Site and construction of improvements on the Site, including any additional costs for completion of

construction, whether direct or indirect, based upon the estimates of architects and/or contractors.

(c) After recordation of the Release of Construction Covenants, any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing provided that the principal amount of the loan does not exceed eighty-five percent (85%) of the value of the land and improvements thereon.

(d) The granting of easements to any appropriate governmental agency or utility to facilitate the development of the Site.

(e) A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

(f) A transfer of forty-nine percent (49%) or more ownership interest to a member of the transferor's immediate family, a trust, testamentary or otherwise, in which immediate family members of the transferor are the sole beneficiaries, or a corporation or partnership in which the immediate family members or shareholders of the transferor have controlling majority interest of more than fifty percent (50%).

(g) A change in the respective percentage ownership interests exclusively of the present owners of Owner (as of the date of this Agreement), but this shall not authorize the transfer of any interest to any person or entity who is not a present owner of Owner.

(h) A sale or transfer to a Qualified Tax Credit Investor.

(i) The replacement of Owner's general partner so long as the replacement general partner is an affiliate of Highridge Costa Housing Partners, LLC, a Delaware limited liability company ("HCHP").

J. ENFORCEMENT. In the event Owner defaults in the performance or observance of any covenant, agreement or obligation of Owner pursuant to this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by City, or, in the event said default cannot be cured within said time period, Owner has failed to commence to cure such default within said thirty (30) days and thereafter fails to diligently prosecute said cure to completion, then City shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

1. By mandamus or other suit, action or proceeding at law or in equity, require Owner to perform its obligations and covenants hereunder or

enjoin any acts or things which may be unlawful or in violation of this Agreement; or

2. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Owner hereunder; or

3. Enter the Site and cure the Event of Default as provided in Section E hereof.

4. Impose, through City's City Manager, an administrative fine for each day the violation continues. The amount of the fine shall be Twenty-Five Dollars (\$25.00) per day, unless the violation is deemed a major violation, in which case the fine shall be Seventy-Five Dollars (\$75.00) per day. The amounts of the foregoing fines shall be automatically increased by Five Dollars (\$5.00) every five (5) years during the Term of this Agreement. A "major" violation shall be one which affects adjacent property or the health and safety of persons. Owner may appeal the assessment of any fine to the City Council who may reverse, modify or uphold the decision of the City Manager. In making this decision, the City Council shall determine whether the violation exists and whether the amount of the fine is appropriate under the circumstances.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any 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 another party.

K. NONDISCRIMINATION. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Owner, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site, or any part thereof (except as permitted by this Agreement).

L. COVENANTS TO RUN WITH THE LAND. Owner hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. City and Owner hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Site; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. All covenants without regard to technical classification or designation shall be binding for the benefit of the City, and such covenants shall run in favor of the City for the entire term of this Agreement, without regard to whether the City is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof 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.

City and Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Owner's legal interest in the Site is rendered less valuable thereby. City and 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 Project by Eligible Tenants, the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which the City was formed.

Owner, in exchange for the Agency entering into the DDA, hereby agrees to hold, sell, and convey the Site subject to the terms of this Agreement. Owner also grants to the City the right and power to enforce the terms of this Agreement against the Owner and all persons having any right, title or interest in the Site or any part thereof, their heirs, successive owners and assigns.

M. INDEMNIFICATION. Owner agrees for itself and its successors and assigns to indemnify, defend, and hold harmless City, and its officers, members, officials, employees, agents, volunteers, and representatives from and against any loss, liability, claim, or judgment relating in any manner to the Project excepting only any such loss, liability, claim, or judgment arising out of the intentional wrongdoing or gross negligence of City, or its officers, officials, employees, members, agents, volunteers, or representatives. Owner, while in possession of the Site, and each successor or assign of Owner while in possession of the Site, shall remain fully obligated for the payment of property taxes and assessments in connection with the Site. The foregoing indemnification, defense, and hold harmless agreement shall only be applicable to and binding upon the party then owning the Site or applicable portion thereof. This indemnification provision is not intended to and does not limit, negate, modify, nullify, or change the nonrecourse provisions of this Agreement or any other agreement, document, instrument, certificate or covenant executed by Owner.

N. ATTORNEYS' FEES. In the event that a party to this Agreement brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable expert witness fees, and its attorney's fees and costs. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, including the conducting of discovery.

O. AMENDMENTS. This Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title, and duly recorded in the real property records of the County of Riverside.

P. NOTICE. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

City: City of Perris
101 N. D Street
Perris, California 92570
Attn: City Manager

Copy to: Aleshire & Wynder, LLP
18881 Von Karman, Suite 1700
Irvine, CA 92612
Attn: Eric L. Dunn, Esq.

Owner: Perris Housing Investors, L.P.
414 W. 4th Street, Suite L
Santa Ana, CA 92701
Attn: John Clem

**Owner's
limited partner:** HCHP Multi-Housing Investments, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Legal Department

Copy to: Highridge Costa Housing Partners, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Legal Department

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

Q. SEVERABILITY/WAIVER/INTEGRATION.

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

2. Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

3. Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

S. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California.

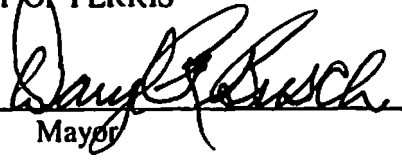
T. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

IN WITNESS WHEREOF, City and Owner have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

"CITY"

CITY OF PERRIS

Date: June 12, 2012

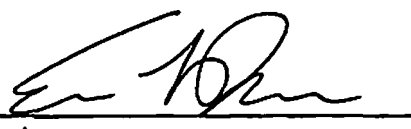
By: 
Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP


City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

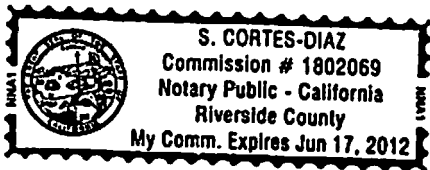
State of California

County of RIVERSIDE }

On 10/12/2012 before me, S. CORTES-DIAZ, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

personally appeared DARYL R. BUSCH
Name(s) of Signor(s)

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



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

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: REGULATORY AGREEMENT & DECLARATION OF COVENANTS & RESTRICTIONS

Document Date: 6-12-2012 Number of Pages: 22

Signer(s) Other Than Named Above: JUDY L. HAUGHNEY, ERIC DUNN

Capacity(ies) Claimed by Signer(s)

- Signer's Name: _____
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____

- Signer's Name: _____
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____




Signer Is Representing: _____

“OWNER”

PERRIS HOUSING INVESTORS,
L.P., a California limited partnership


By: TELACU Homes, Inc., a
California nonprofit public
benefit corporation, its
Managing General Partner

Date: June 14, 2012

By: 
Name: JOHN CLEM
Title: PRESIDENT

By: HCHP Affordable Multi-
Family, LLC, a California
limited liability company, its
Administrative General
Partner

Date: June 14, 2012

By: 
Name: ROBERT W. TETRAULT
Title: SENIOR VICE PRESIDENT

[End of Signatures]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Orange

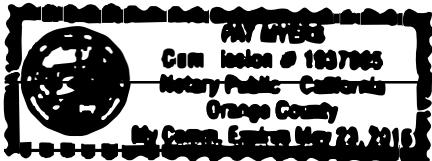
On June 14, 2012 before me, Pat Myers, Notary Public

personally appeared John Clem

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

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

WITNESS my hand and official seal.



Signature: Pat Myers
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Individual

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____



Signer's Name: _____

Corporate Officer — Title(s): _____

Individual

Partner — Limited General

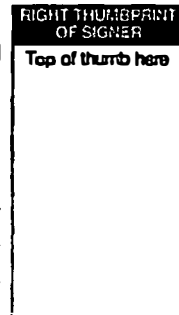
Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____



NOTARY SEAL

Under the provisions of Government Code 27361.7, I certify under the penalty of perjury that the Notary Seal on the document to which this statement is attached reads as follows:

Name of Notary: Pat Myers

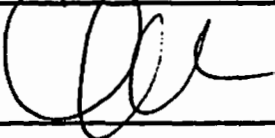
Commission #: 1937985

Date Commission Expires: May 23, 2015

County where Bond is filed Orange

PLACE OF EXECUTION: San Bernardino

DATE: 6/20/12

SIGNATURE: 



ACKNOWLEDGMENT

State of California)
County of Los Angeles)

On June 14, 2012 before me, Martha E. Lennig, Notary Public personally appeared Robert W. Tetrault who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Martha E. Lennig (Seal)



Exhibit "A"

Legal Description

Real property in the City of Perris, County of Riverside, State of California, described as follows:

REAL PROPERTY LOCATED IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA BEING THAT PORTION OF BLOCK 16, LOTS 1, 2, 3, 4, 5, 6, 7 AND 8 OF THE MAP OF TOWN OF PERRIS ON FILE IN BOOK 5 PAGE 270 OF MAPS, SAN DIEGO COUNTY RECORDS, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID BLOCK 16, BEING THE NORTHERLY RIGHT-OF-WAY LINE OF FIRST STREET (30.00 FEET HALF WIDTH) AND THE EASTERLY RIGHT-OF-WAY LINE OF THE ATCHISON TOPEKA & SANTA FE RAILROAD RIGHT-OF-WAY (50.00 FEET HALF WIDTH); THENCE N89°32'48"E ALONG THE NORTHERLY LINE OF SAID FIRST STREET A DISTANCE OF 180.76 FEET TO THE WESTERLY RIGHT OF WAY LINE OF "D" STREET (50.00 FEET HALF WIDTH) AS SHOWN ON RECORD OF SURVEY RECORDED ON DECEMBER 13, 1991 IN BOOK 90 PAGE 23 OF RECORDS OF SURVEY AT THE COUNTY RECORDER'S OFFICE OF RIVERSIDE COUNTY; THENCE N04°07'58"E ALONG THE WESTERLY RIGHT-OF-WAY OF SAID "D" STREET A DISTANCE OF 278.98 FEET TO THE SOUTHEAST CORNER OF THE LAND DESCRIBED IN THE OFFER OF DEDICATION TO BENEFIT THE CITY OF PERRIS RECORDED JANUARY 6, 2009 AS DOCUMENT 2009-0004585, OFFICIAL RECORDS, COUNTY OF RIVERSIDE; THENCE DEPARTING THE WEST RIGHT OF WAY LINE OF "D" STREET N43°10'39"W ALONG THE SOUTHERLY LINE OF SAID DEDICATION, A DISTANCE OF 47.66 FEET TO A POINT THAT IS 47.00 FEET SOUTHERLY OF THE CENTERLINE OF SAN JACINTO AVENUE; THENCE CONTINUING ALONG THE SOUTHERLY LINE OF SAID DEDICATION, BEING PARALLEL TO AND 47.00 FEET SOUTHERLY OF THE CENTERLINE OF SAN JACINTO AVENUE, S89°33'50"W A DISTANCE OF 145.61 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF SAID ATCHISON, TOPEKA AND SANTA FE RAILROAD; THENCE S04°08'00"W ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID RAILROAD RIGHT-OF-WAY A DISTANCE OF 314.16 FEET TO THE POINT OF BEGINNING. EXCEPTING THEREFROM ANY PORTION LYING WITHIN FIRST STREET, "D" STREET, SAN JACINTO AVENUE AND THE RAILROAD RIGHT-OF-WAY.

SAID LAND IS DESCRIBED IN THE CERTIFICATE OF COMPLIANCE PARCEL MERGER 12-02-0009 RECORDED APRIL 5, 2012 AS INSTRUMENT NO. 2012-0156935.

APN: 313-081-001, 313-081-009, 313-081-010

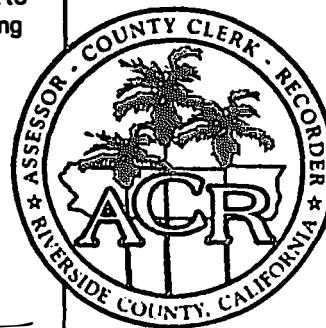
This must be in red to be a
"CERTIFIED COPY"

I hereby certify the foregoing instrument to
which this stamp has been affixed consisting
of 27 pages to be a full, true and
correct copy of the original on file and
of record in my office.

Larry W. Wald

Assessor - County Clerk - Recorder
County of Riverside, State of California

Dated: 6-20-12 *[Signature]*



Certification must be in red to be a
"CERTIFIED COPY"

“If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”