



RESOLUTION No. 24-166

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION AUTHORIZING THE EXECUTION OF A LEASE RIDER AGREEMENT TO THE GROUND LEASE AGREEMENT BETWEEN NEVADA COUNTY AND GRASS VALLEY PSH ASSOCIATES TO COMPLY WITH TERMS AND CONDITIONS OF AN ALLOCATION AUTHORIZED BY THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE AS IT PERTAINS TO COUNTY-OWNED PROPERTY LOCATED AT 936 OLD TUNNEL RD., GRASS VALLEY, CA (APN NO 035-400-054), DESIGNATED AS THE LOCATION OF THE BRUNSWICK COMMONS AFFORDABLE HOUSING PROJECT (RESOLUTION NO. 19-358), AND AUTHORIZING THE NEVADA COUNTY FACILITIES DIRECTOR TO EXECUTE THE LEASE RIDER AGREEMENT AND FURTHER RIDERS OR AMENDMENTS TO THE GROUND LEASE AGREEMENT

WHEREAS, the Nevada County Board of Supervisors has established homelessness and affordable housing as a legislative priority; and

WHEREAS, the County is the owner of a 5.0+ acre parcel of real property located at 936 Old Tunnel Rd., Grass Valley, CA 95945, APN No. 035-400-054 ("Property"); and

WHEREAS, the County is retaining ownership of the Property for the developed Brunswick Commons 41-unit affordable housing project for homeless persons and persons with psychiatric disabilities who are homeless, or at risk of homelessness, and their families to achieve permanent supportive housing and self-sufficiency by promoting the integration of affordable housing and appropriate supportive services ("Project"); and

WHEREAS, on January 8, 2019, per Resolution 19-203, the Nevada County Board of Supervisors approved a Memorandum of Understanding ("MOU") between the County of Nevada, Hospitality House, and the Regional Housing Authority ("RHA") regarding the intent to work cooperatively on pre-development activities related to the construction of affordable housing, transitional housing, and a navigation center on the Property; and

WHEREAS, on January 22, 2019, per Resolution 19-044, the Nevada County Board of Supervisors approved Amendment No. 1 to the MOU to clarify site control over the Property for purposes of No Place Like Home ("NPLH") funding, and to provide County with the exclusive right to negotiate with the RHA, as Developer, for the acquisition of 2.32 +/- acres of the Property for purposes of constructing the Project; and

WHEREAS, the Regional Housing Authority contracted with Pacific West Communities ("PWC") to be co-Developer, operator, and manager of the Project, with the intent to develop the Property utilizing 9% Low Income Housing Tax Credits and other funding sources in addition to NPLH funding; and

WHEREAS, on June 25, 2019, per Resolution 19-358, the Nevada County Board of Supervisors approved that certain exclusive Option to Ground Lease Agreement by and between the County of Nevada, and jointly RHA and PWC in order to apply for said funding and perform pre-development activities related to the Project; and

WHEREAS, in order to act as both borrower and operator of the Project, RHA and PWC created the Grass Valley PSH Associates, a California Limited Liability Company ("PSH"), of which they will remain the two partners; and

WHEREAS, on February 11, 2020, per Resolution 20-032, the Nevada County Board of Supervisors approved the Assignment and Assumption of the Option to Ground Lease Agreement, whereby Regional Housing Authority and PWC, as "Optionee/Assignors" assigned all right, title, and interest under the Option to Ground Lease to PSH, and PSH assumed all liabilities and obligations under the Option to Ground Lease as "Assignee;" and

WHEREAS, California Tax Credit Allocation Committee (TCAC) funding was secured for the project in June of 2020; and

WHEREAS, on August 19, 2020, RHA and PCW through their partnerships, PSH, submitted a Memorandum notifying the County of their exercise of the Option to Ground Lease; and

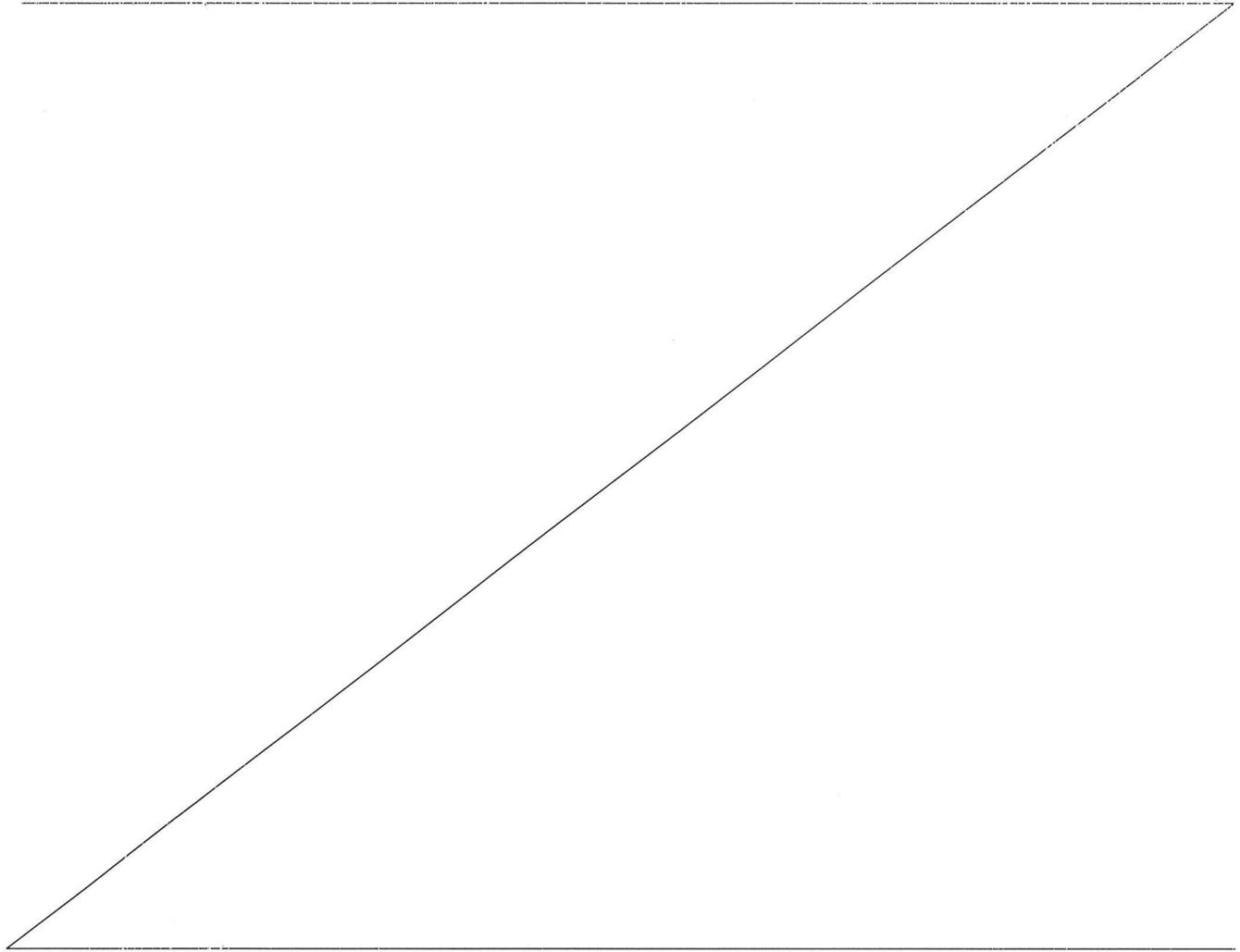
WHEREAS, under the terms of the Ground Lease, PSH will be responsible for the construction and operation the Project pursuant to the Disposition and Development and Regulatory Agreement entered into between the Parties, as well as other Regulatory Agreements between PSH and TCAC and NPLH, pertaining to the Project's affordability and operational requirements: and

WHEREAS, the exercised Option to Ground Lease was approved by the Nevada County Board of Supervisors on September 1, 2020, through Resolution 20-399; and

WHEREAS, the California Tax Credit Allocation Committee (TCAC) requires the execution of the Lease Rider Agreement to the Ground Lease Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Nevada, State of California, authorizes the execution of a Lease Rider Agreement to the Ground Lease Agreement between Nevada County and Grass Valley PSH Associates to comply with terms and conditions of an allocation authorized by the California Tax Credit Allocation Committee as it pertains to County-owned property located at 936 Old Tunnel Rd., Grass Valley, CA (APN NO 035-400-054), designated as the location of the Brunswick Commons affordable housing project (Resolution No. 19-358).

BE IT FURTHER RESOLVED that the Board of Supervisors authorizes the Nevada County Facilities Director to execute the Lease Rider Agreement and any future riders or amendments to the Ground Lease Agreement.



PASSED AND ADOPTED by the Board of Supervisors of the County of Nevada at a regular meeting of said Board, held on the 23rd day of April 2024, by the following vote of said Board:

- Ayes: Supervisors Heidi Hall, Edward C. Scofield, Lisa Swarthout, Susan Hoek and Hardy Bullock.
- Noes: None.
- Absent: None.
- Abstain: None.
- Recuse: None.

ATTEST:

TINE MATHIASSEN
Chief Deputy Clerk of the Board of Supervisors

By: 


Hardy Bullock, Chair

Free recording in accordance with
California Government Code
Section 27383

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

California Tax Credit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814

APN & Situs: Please refer to Exhibit A

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**LEASE RIDER
AGREEMENT (TAX CREDITS)
Ground Lease**

CTCAC NUMBER CA-051
Brunswick Commons

THIS LEASE RIDER AGREEMENT (the "Lease Rider Agreement") is dated this 1st day of December, 2023, and is made and entered into for reference purposes only, by and among the County of Nevada, a political subdivision of the State of California (the "Lessor"), Grass Valley PSH Associates, a California Limited Partnership (the "Lessee"), and the California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code ("CTCAC") in consideration of the following facts and circumstances:

A. Lessor is the fee simple owner of that certain real property described in Exhibit A attached hereto and incorporated herein (the "Property");

B.

Lessor and Lessee entered into the following ground lease of the Property: that certain ground lease dated September 1, 2020, which is on file with the Lessor as a public record (the "Lease") and a memorandum of which was recorded on December 18, 2020 in the official records of Nevada County, California, as Instrument No. 20200035534 (the "Memorandum of Lease");

C. Pursuant to the Lease, Lessee has agreed to acquire a leasehold in the Property for a term described below in Paragraph 2.f. which is at least as long as the CTCAC Regulatory Agreement and to develop, acquire, construct, own, operate and manage a rental housing development on the Property consisting of not less than 41 residential rental units. During the term of the Lease, Lessee is the owner of all of those certain

buildings, improvements and fixtures now or hereafter erected on the Property described in the lease, and all appurtenances thereto now or hereafter affixed to, placed upon or used in connection with such real property and owned by Lessee or in which Lessee has an interest, together with all additions to, substitutions for, changes in and replacements of the whole or any part of said articles of property (collectively, the "Improvements"). Collectively, the Lessee's leasehold interest in the Property and its interest in the Improvements constructed pursuant to the Lease are hereinafter sometimes referred to as the Development (the "Development");

D. CTCAC has authorized an allocation of federal low-income housing tax credits by a Reservation Letter dated June 17, 2020 (the "Allocation") to Lessee to finance, in part, the Development, pursuant to the Low Income Housing Tax Credit Program ("Program"). The Allocation is subject to numerous terms and conditions, including without limitation, the execution and delivery of this Lease Rider Agreement and the CTCAC Regulatory Agreement which sets forth certain use restrictions affecting the Development, which CTCAC Regulatory Agreement is to be recorded in Nevada County, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, "Section 42");

E. As a further condition of the Allocation and pursuant to the requirements of the Program, Lessee and CTCAC will enter into a Regulatory Agreement, including any amendments thereto (the "Regulatory Agreement"), securing performance related to the Allocation, and governing the use, occupancy, operation, management and ownership of the Development. Consistent with the provisions of Section 17 hereof, Lessor and Lessee have agreed to waive any such provisions of the Lease in conflict with or which would frustrate Lessee's compliance with the Regulatory Agreement in favor of the terms of the Regulatory Agreement;

F. In order to induce CTCAC to make the Allocation, Lessor and Lessee have agreed to enter into and record this Lease Rider Agreement for the benefit of CTCAC, its successors, and assigns; and

G. It is the intent of CTCAC that, except in unique circumstances, it will exercise its rights and remedies under this Lease Rider Agreement only after written notice of any Lease defaults have been provided to Lessor, any Senior Lender, the Tax Credit Partner, and any other party known by CTCAC to have either an ownership or other equitable interest in the Development. In addition, it is the intent of CTCAC that the exercise of its rights and remedies under this Lease Rider Agreement generally shall be undertaken as part of a judicial action in a court of competent jurisdiction unless Lessor and any Senior Lenders otherwise agree.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants hereinafter contained, CTCAC, Lessee and Lessor hereby agree as follows:

1. Definitions and Lease Rider Term.

a. As used herein, "Leasehold" means all of Lessee's leasehold interest in the Property described in Exhibit A, in the Development, in the Improvements now or hereafter located on the Property, all options contained in the Lease or granted in connection with the Lease, all other rights of Lessee under the Lease, and all subleases entered into in connection with the Lease (the "Subleases").

b. For the purposes of this Lease Rider Agreement, if Lessor is a corporate or governmental entity, the obligation to assert facts related to the "Lessor's knowledge" shall include a duty to perform or otherwise be responsible for pursuit of reasonably diligent efforts to ascertain the existence or nonexistence of the facts asserted, contemporaneous to the assertion. This duty may be fulfilled by use of an estoppel agreement executed by the Lessee.

c. For the purposes of this Lease Rider Agreement, the holders of all mortgage liens set forth in the Report and any other lenders approved by CTCAC and all successors and assigns thereof including the holders of any mortgage lien against the Improvements or Lessee's interest in the Leasehold are collectively referred to as "Senior Lenders."

d. Lease Rider Agreement Term. This Lease Rider Agreement becomes effective on the date the CTCAC Regulatory Agreement is recorded and remains in effect for at least the term of the Regulatory Agreement. Upon the expiration or sooner termination of the CTCAC Regulatory Agreement, this Lease Rider Agreement shall terminate and be of no further force or effect.

2. Representations and Warranties of Lessor and Lessee. Lessor and Lessee hereby represent and warrant to CTCAC as of the date of this Lease Rider Agreement as follows:

Title. (1) By Lessor: Lessor warrants and represents to CTCAC that, to the best of Lessor's knowledge, Lessor's fee interest in the Property is free and clear of all liens, encumbrances, covenants, easements, licenses, judgments, or other matters of record except those shown as affecting the fee interest of the Property in that certain Policy of Title Insurance Final Report or, if one has not been issued, Preliminary Report regarding the Property issued on xx by First American Title insurance, Order #xx Policy No.5962188 (the "Report"). Lessor has not required or permitted and has no knowledge of any other matters of record to be recorded that are not contained in the Report.

a.

(2) By Lessee:

Lessee has entered into one or more loan agreements ("the Agreement(s)") which will be secured as more fully described in the Agreement(s). Lessee warrants and represents that it has provided a true and correct copy of said Agreement(s) to CTCAC as part of CTCAC's placed in service review, for which the issuance of the IRS Form 8609 shall constitute approval.

b. Priority. Lessor warrants and represents to CTCAC that except as otherwise

referenced in the Report, the Lease is superior to any and all mortgage liens on the

Property and nothing encumbers fee title of the Property which would interfere with Lessee's ability to construct and operate the Development on the Property.

c. Transfers by Lessor. Lessor warrants and represents to the best of Lessor's knowledge that it has not assigned, mortgaged, or otherwise hypothecated or transferred, or agreed to assign, mortgage or otherwise hypothecate or transfer, its interest in the Property in whole or in part, except as referenced in the Report and except as security for any loans or any other liens, conditions, covenants, or restrictions on the Property identified in the Report and approved in writing by CTCAC.

d. Status of Lease. Lessor warrants and represents that:

(1) Lessor is the current Lessor under the Lease. To the best of Lessor's knowledge, the Lease is in full force, the Lease is not void, voidable or terminable as of the date hereof without an uncured default by Lessee except pursuant to Section 5 at the option of any party thereto or of any other person or entity claiming an interest in or to such Lease or the Development, and to the best of Lessor's knowledge, there has been no default thereunder on the part of Lessee nor has any event occurred which, with the giving of notice or the passage of time, or both, would be an event of default thereunder. Lessor has not given notice of any violation under the Lease to Lessee. Lessor has not been informed of and has not otherwise received notice from Lessee or from any other person or entity concerning any alleged default on the part of Lessor under the Lease. To the best of Lessor's knowledge, there exist no defenses or offsets to enforcement of the Lease by Lessee.

(2) Any consent or approval of any third party (including any lender or government agency) that is required in order for Lessor to deliver this Lease Rider Agreement has been obtained.

(3) To the best of Lessor's knowledge, no alterations, improvements or additions now exist on the Property that have not been approved by the Lessor.

e. Other Agreements. All terms and conditions of the Lessee's tenancy under the Lease are set forth in the Lease and Lessor and Lessee each certify to the best of its knowledge that there have been no other agreements and no further or other supplements, amendments, modifications or extensions thereof except those submitted to and approved by CTCAC.

f. Lease Term. The date of the commencement of the Lease term is September 1, 2020 and will end on September 1, 2119 unless terminated sooner pursuant to its terms and consistent with this Lease Rider Agreement. All conditions precedent to the effectiveness of the Lease or the exercise of any of Lessee's rights thereunder at the effective date of the Lease have been fully satisfied.

g. Development. To the best of Lessor's knowledge, the Improvements constructed, or to be constructed, by Lessee on the Property satisfy or are expected to satisfy all requirements affecting the design, use or characteristics of such Improvements imposed by Lessor under the Lease or otherwise, including a requirement by Lessor for Lessee to comply with any and all applicable provisions of federal, state and local laws, and all agreements with any public entities concerning the Development, as amended from time to time.

h. Insurance. All notices, certificates, binders, endorsements, copies of policies, and receipts required under the Lease have been delivered to and approved by Lessor.

3. Cancellation, Transfer of Interest.

a. Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor and Lessee agree that so long as CTCAC, its successor or assigns holds the Regulatory Agreement encumbering the Development, no termination of the Lease or efforts by Lessor to terminate the Lease except a termination consistent with Section 5, and no subordination, cancellation, surrender, amendment or modification of the Lease shall be effective without the prior written consent of CTCAC, which consent shall be in CTCAC's reasonable discretion and may be conditioned upon the satisfaction of such terms and conditions as CTCAC may reasonably prescribe. CTCAC shall have 30 days after its receipt of such a notice and any clarifications thereof requested by CTCAC to consent to or deny any such variation from those obligations. Failure by CTCAC to act within such a 30-day period shall constitute consent to such a variation. Any attempt by Lessor to take such action shall be void without CTCAC's prior written consent or implied consent as provided for in this Section 3.a.

b. Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor agrees that it shall not transfer, convey, sell, hypothecate, assign, encumber or permit any liens against its interest, or any portion thereof, in the Property or the Development unless Lessor requires, and any purchaser, assignee, or transferee agrees, that the purchaser, assignee, or transferee will expressly assume all obligations of Lessor under the Lease and this Lease Rider Agreement by a written instrument recordable in the Official Records. Any variation from those obligations shall require prior written approval of CTCAC, which consent shall be in CTCAC's reasonable discretion, and may be conditioned upon the satisfaction of such terms and conditions as CTCAC may reasonably prescribe. If Lessor or Lessor's successor is seeking a variation from these obligations, Lessor or Lessor's successors and assigns shall provide CTCAC with copies of all documents related to the transfer, conveyance, sale, hypothecation, assignment, encumbrance or lien at least 30 days prior to the effective date of that

transaction and CTCAC shall have 30 days after its receipt to reasonably consent or deny any such variation from those obligations. Failure by CTCAC to act within such a 30-day period shall constitute consent to such a variation.

c. Foreclosure. Nothing contained in this Lease Rider Agreement shall prevent a Senior Lender from foreclosing on its security interest or accepting a conveyance in lieu of foreclosure.

d. No Merger. There shall be no merger of the Lease or any interest in the Lease, nor of the Leasehold interest, with the fee estate in the Property if the Lease or such interest therein, or such Leasehold interest may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the Leasehold interest created thereby may be conveyed or mortgaged in a leasehold mortgage, deed of trust, or other security instrument to a leasehold mortgagee that shall hold the fee estate in the Property or any interest of the Lessor under the Lease.

4. Consent to Assignment, Payment of Rent.

a. Subject to any matters of record as referenced in the Report, the rights of Senior Lenders, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor hereby consents to and approves the following to the extent such consents or approvals are required under the Lease:

(1) Lessee's encumbering the Lease, the Leasehold and the Development by the Regulatory Agreement; possession of the Leasehold and any Development thereon by CTCAC or by a receiver under the Regulatory Agreement; and sale of the Leasehold and the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement;

(2) Assignments to CTCAC or its designee of any subleases and any and all rents from such subleases; and

(3) Sale or assignment of all or any part of any interest in the Leasehold to any purchaser or transferee pursuant to a court order or other agreement enforcing the Regulatory Agreement (such purchaser or transferee, including CTCAC, is collectively referred to as the "Transferee"), and to any subsequent transfers (all such assignments, transfers, and subsequent transfers referred to in this Lease Rider Agreement as the "Transfer").

b. Nothing in this Lease Rider Agreement, in the Regulatory Agreement or in the Lease shall impose on CTCAC the obligations of Lessee under the Lease or require CTCAC to assume the Lease unless CTCAC takes possession or ownership of the Development pursuant to a court order or other agreement under

the Regulatory Agreement, or becomes the lessee under the Lease or a New Lease (defined in Section 6, below).

5. Notice of Defaults; Termination Notice.

a. Notice and Cure. Lessor shall provide concurrently to CTCAC a written copy of all notices and demands, including, without limitation, notices of default or breach which Lessor gives, delivers, or sends to Lessee under the Lease. No notice or demand under the Lease shall be effective as to CTCAC unless and until a copy of such notice is provided to CTCAC as provided herein. Any notice of default under the Lease or this Lease Rider Agreement shall describe the default(s) with reasonable detail. CTCAC shall have the right, but not the obligation, to cure any breach or default within the time period given in the Lease; provided that, if such notice to CTCAC is not given or is delayed for any reason, the period of time within which CTCAC may cure any such breach or default shall commence upon receipt by CTCAC of such notice. Lessor and Lessee authorize CTCAC to enter the Property and Improvements after reasonable prior written notice or pursuant to a court order for the purpose of mitigating defaults or exercising its right to cure and any other powers given CTCAC under the Regulatory Agreement, this Lease Rider Agreement or the Lease.

b. Termination Notice. After the expiration of the grace period given Lessee under the Lease to cure a default, Lessor shall not terminate the Lease on account of such default but shall give CTCAC a written notice (the "Termination Notice") that Lessee has failed to cure the default within the grace period and that, on account thereof, Lessor intends to terminate the Lease, which notice shall set a termination date not earlier than ninety (90) days after CTCAC's receipt of the Termination Notice, provided that Lessor agrees to extend such termination date for a reasonable period if CTCAC reasonably requires additional time to accommodate CTCAC's taking possession of the Development where possession is necessary to cure Lessee's default, all of which is subject to any Senior Lender's security instruments. In the event the default results in the existence of an immediate or imminent serious health and safety threat to the residents or the public, Lessor may request CTCAC to approve a shorter termination date which shall not be unreasonably denied. In addition, CTCAC may waive its right to the 90-day period to cure under the Termination Notice after its receipt of the Termination Notice if CTCAC determines that it will not take action to effect a cure for the default. No Termination Notice shall become effective to terminate the Lease if:

(1) Except as provided in Section 5.c., within ninety (90) days after receipt of the Termination Notice, CTCAC cures all defaults which can be cured by payment or expenditure of money or without possession of the Development; or provides reasonable assurance and undertakings for the cure of such default. To effect a cure of Lessee's default, CTCAC may, subject to the rights of all Senior Lenders, make any repair or improvement, do any other act or thing required of Lessee under the Lease, or do any act or thing which may be necessary or proper to prevent termination of the Lease. CTCAC and its

agents and contractors, subject to the rights of all Senior Lenders, shall have full access to the Property and Improvements for purposes of accomplishing the curing of defaults under the Lease. Any of the foregoing done by CTCAC shall be as effective to prevent a termination of the Lease as the same would have been if done by Lessee; or

(2) CTCAC commences and diligently pursues judicial and/or administrative proceedings commenced under the Regulatory Agreement to cure a default.

(3) If CTCAC has not cured a default upon the expiration of such Termination Notice pursuant to Subsection (1) above or fails to commence and diligently pursue a cure pursuant to Subsection (2) above, and subject to compliance with other provisions of this Section 5.b. and any limitations on termination in the Lease, Lessor may terminate the Lease and pursue such other remedies as are available under the terms of the Lease.

c. Defaults Not Susceptible to CTCAC Cure. CTCAC shall not be required to perform any act which is not susceptible to performance by CTCAC, such as to cure a filing or condition of bankruptcy or insolvency or to cure or commence the cure of any default which is Lessee's failure to pay or comply with any lien, charge or encumbrance which is junior in priority to the Regulatory Agreement, or to pay any amount owed under an indemnity of Lessor by Lessee based on an event occurring prior to CTCAC's possession of the Development. If any such act not susceptible to performance by CTCAC constitutes a breach under the Lease, Lessor may resort to any and all of its remedies for such breach under the Lease.

d. Reimbursement of Lessor's Payment of Arrears. Lessor agrees that if Lessor cures Lessee's failure to make any payment due under the Lease or any loan identified in Section 2.a., it shall seek reimbursement of amounts so paid solely from Lessee and CTCAC shall have no obligation to pay such amounts to Lessor.

e. Waiver of Breach or Default. Subject to the rights of Senior Lenders, on transfer of the Leasehold interest pursuant to a court order or other agreement enforcing the Regulatory Agreement, all violations, defaults and breaches by Lessee under the Lease occurring prior to such transfer, including, without limitation, nonpayment of rent or other amounts payable under the Lease, shall be deemed personal obligations of Lessee, and CTCAC or other Transferee shall be entitled to the New Lease as described in Section 6 below without incurring or assuming any liability or obligation of, or claim against, Lessee under the Lease. However, upon transfer of the Leasehold interest, CTCAC or the Transferee, as applicable, shall be responsible for correcting all defaults in existence at the time of the transfer; Lessor may exercise its rights under Section 5.b. if CTCAC or the Transferee fails to correct any such default within a reasonable time. Nothing in this section shall be deemed a waiver of any claim by Lessor, CTCAC, or other Transferee against Lessee under the Lease.

f. Enforcement Not a Breach. Any action taken by CTCAC to enforce its rights under this Lease Rider Agreement with respect to Lessee with respect to any of the documents governing the Allocation including, without limitation, any actions taken to collect any amounts due and owing to CTCAC or any action to appoint a receiver for the Development or to otherwise ensure compliance with the Regulatory Agreement, shall not constitute or result in a breach or violation of the Lease.

g. Status Quo Ante. Any default by Lessee shall not prejudice CTCAC if CTCAC chooses to cure such default within the applicable grace period specified by this Lease Rider Agreement or the Lease, and Lessor acknowledges and agrees that upon CTCAC's cure of any such default, the Lease shall be restored status quo ante.

6. New Lease.

a. Conditions. Section 5 hereof notwithstanding, and subject to the rights of Senior Lenders as provided in their security instruments, Lessor agrees to comply with the requirements of Section 6.b. if the following conditions specified in this Section 6.a. apply:

(1) The Lessee's Lease or a Transferee's New Lease is terminated for any reason whatsoever and CTCAC or a subsequent Transferee acquires possession or ownership of the Development as a result of CTCAC enforcing its remedies authorized by the Regulatory Agreement; and

(2) CTCAC or other Transferee, whether or not such party has assumed the Lease, requests Lessor in writing pursuant to Section 6.b. to enter into a new lease (the "New Lease") of the Property within ninety (90) days after CTCAC or the Transferee takes possession or ownership of the Development either as a result of a court order or other agreement under the Regulatory Agreement. The New Lease shall be at the rent of, and consistent with, the terms, provisions, covenants, options and agreements contained in the terminated Lease, as amended, or granted by the Lessor in connection with the Lease, all as modified or supplemented by this Lease Rider Agreement unless Lessor agrees to lower rent or less restrictive terms and conditions.

b. Obligations. If the conditions specified in Section 6.a. have been satisfied, and subject to the provisions of matters of record as referenced in the Report and the rights of Senior Lenders in their security instruments, Lessor shall:

(1) upon receipt of the request for New Lease described in Section 6.a.(2) above, enter into a New Lease of the Property with CTCAC, its nominee, or its successor-in-interest or other Transferee, for the remainder of the term of the Lease, effective as of the date of the termination of the Leasehold or conveyance of the Development pursuant to a court order or other agreement under the Regulatory Agreement;

(2) convey to CTCAC, its nominee or its successor-in-interest or other Transferee, all title and interest of the Lessee to the Improvements and Leasehold encumbered by the Regulatory Agreement, if any, which may become or have become vested in Lessor as a result of any termination of the Lease or conveyance by court order or other agreement under the Regulatory Agreement, so long as the New Lease contains provisions that require CTCAC, its nominee, or its successor-in-interest or other Transferee to reconvey all title and interest conveyed by Lessor's grant deed in the Improvements at the termination of the term of the New Lease; and

(3) assign to CTCAC, its nominee, or its successor-in-interest or other Transferee, all of Lessor's interest as landlord, if any, in all existing Subleases of all or any part of the Development and all attornments given by the sublessees under such Subleases, provided that CTCAC, its nominee, or its successor-in-interest shall reconvey all such title and interest conveyed by Lessor in all existing Subleases in all or any part of the Development at the termination of the New Lease.

c. Priority. The Leasehold interest and any other interest (if any) in the Development granted to CTCAC, its nominee or its successor-in-interest or other Transferee under this Section 6 shall be prior to any mortgage or other lien, charge or encumbrance on the Development created by Lessor or Lessee, except for the liens of Senior Lenders or as approved in writing by CTCAC or as referenced in the Report.

7. Successors to CTCAC. Subject to Section 4 hereof, if the Leasehold is transferred pursuant to a court order or other agreement enforcing the Regulatory Agreement, Lessor shall recognize the Transferee as the tenant under the Lease, subject to the liens of Senior Lenders. Anything in the Lease notwithstanding, the rights and benefits of CTCAC under this Lease Rider Agreement shall benefit and may be exercised by any Transferee. The holder of any mortgage or deed of trust which may be given to secure a portion of the purchase price in any sale by CTCAC or its successor(s) after CTCAC acquires the Leasehold interest or enters into a New Lease under this Lease Rider Agreement shall be entitled to rely on continuation of the same rights and benefits of CTCAC under this Lease Rider Agreement.

8. Diligence of CTCAC. So long as CTCAC is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee, from commencing or prosecuting its remedies under the Regulatory Agreement or other appropriate proceedings in the nature thereof, or undertaking or completing any of CTCAC's rights or remedies under the Lease or this Lease Rider Agreement, CTCAC shall not be deemed for that reason to have failed to commence such proceedings or to have failed to prosecute diligently such proceedings, provided, however, that CTCAC shall use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

9. Certificates.

(a) Certificate by Lessor. Within fifteen (15) calendar days after written request made by CTCAC, Lessor shall execute and deliver to CTCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring, to the best of Lessor's knowledge, (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property reasonably requested by CTCAC; and (iv) that Lessor understands the recipient will rely on the certificate and that the Lessor will describe in reasonable detail any exceptions to the foregoing statements.

(b) Certificate by Lessee. Within fifteen (15) calendar days after written request made by CTCAC, Lessee shall execute and deliver to CTCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring to the best of Lessee's knowledge (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property, Leasehold or the Development reasonably requested by CTCAC; and (iv) that Lessee understands the recipient will rely on the certificate and that the Lessee will describe in reasonable detail any exceptions to the foregoing statements.

10. Notices. Notices and other communications required by this Lease Rider Agreement shall be delivered by messenger to the addresses provided below or sent by U.S Postal Service certified mail, return receipt requested, postage prepaid, addressed as follows:

To CTCAC: California Tax Credit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814
Attn. Executive Director

To Lessor: County of Nevada
HHS Housing Division
950 Maidu Avenue
Nevada City, CA 95959

To Lessee: Grass Valley PSH Associates,
a California Limited Partnership
430 E. State Street, Suite 100
Eagle, ID 83616

These addresses may be changed by a written notice given by any party hereto to the other parties in the same manner provided in this Section. Notices shall be effective on receipt.

11. CTCAC's Rights Against Lessee. Nothing in this Lease Rider Agreement shall limit or restrict CTCAC's rights and remedies under the Regulatory Agreement, or any other agreement between CTCAC and Lessee.

12. Successors and Assigns. This Lease Rider Agreement shall inure to the benefit of and bind the successors and assigns of CTCAC, Lessor and Lessee.

13. Uninsured Hazard. Lessor agrees that neither CTCAC nor any person acquiring the Development, or a portion of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement, nor the lessee under a New Lease pursuant to Section 6 hereof, nor any successive owner of a portion of the Development after such transfer or New Lease shall have any obligation hereunder or under the Lease or New Lease to repair or reconstruct any damage or loss to the Development which occurred prior to such transfer or New Lease and which is due to a hazard not required to be covered by insurance under the Lease or New Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

14. Duty to Repair. Lessor agrees that if CTCAC, its nominee, or its successor-in-interest succeeds to Lessee's Leasehold interest in the Property and if the Development shall have been or becomes materially damaged before or after the date of such acquisition, CTCAC's, its nominee's, or its successor-in-interest's obligation, if any, to repair, replace or reconstruct the Development shall in any such event be limited to the greater of: i) the amount of the net insurance proceeds received by CTCAC, its nominee, or its successor-in-interest by reason of that damage or ii) the amount CTCAC, its nominee, or its successor-in-interest would be entitled to if in compliance with the minimum insurance requirements of Lessee under the Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

15. Options. Lessor and Lessee agree that CTCAC or its successor-in-interest or other Transferee, after its acquisition of the Leasehold, may exercise any option to extend the term of the Lease or New Lease or to purchase any interest in the Property which is granted to Lessee under or in connection with the Lease or the New Lease.

16. Limitation on Liability. If CTCAC agrees to be bound by the terms of the Lease, or in the event of any Transfer to a Transferee, then unless so ordered by a court or as agreed to by CTCAC, any Transferee, and any secured creditors, neither CTCAC nor Transferee shall have any obligation under the Lease or the New Lease with respect to any liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of actions, charges, judgments, costs, and expenses (including architects'

and attorneys' fees and court costs) arising out of or resulting from acts, omissions, circumstances or events occurring before or existing at the time of such Transfer or CTCAC's agreement to be bound by the Lease or the New Lease except for matters of record identified in the Report at the time of execution of this Lease Rider Agreement or any breach in existence at the time of acquisition of the Leasehold. Nothing in this Lease Rider Agreement or in the Lease or New Lease shall impose on CTCAC any liability to perform the obligations of Lessee under the Lease or New Lease or require CTCAC to assume the Lease or New Lease unless and until CTCAC acquires the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement. After acquiring the Development in such a manner, CTCAC shall be liable to perform Lessee's obligations only until TCCAC assigns or transfers the Leasehold. CTCAC shall not, however, be required to cure Lessee's defaults occurring before CTCAC's acquisition of the Development in such a manner except that CTCAC or the Transferee must cure any defaults in existence at the time of transfer within a reasonable period of time.

17. Conflict With Lease. The provisions herein are intended to be supplementary to, and not in derogation of, the parties' rights and obligations contained in the Lease (including all of CTCAC's rights under the Lease as a party with a recorded encumbrance). In the event of any conflict or inconsistency between the terms of the Lease and the terms of this Lease Rider Agreement, except for any term expressly excluded or modified by Section 21, the terms of this Lease Rider Agreement shall govern and control, and the Lease shall be deemed to be modified hereby. Notwithstanding the foregoing, nothing contained herein shall affect the rights of Senior Lenders or the Tax Credit Partner, nor shall anything contained herein subordinate the lien of any Senior Lender to any rights of TCCAC hereunder.

18. Regulatory Agreement Remedies. Nothing in this Lease Rider Agreement is intended to create enforcement rights under the Regulatory Agreement that do not otherwise exist in the Regulatory Agreement.

19. Enforcement. Notwithstanding anything to the contrary in the Lease and notwithstanding the fact that the Lease Rider Agreement is recorded against the Leasehold interest in the Property, Lessor hereby expressly agrees that during the term of the Regulatory Agreement, any violation of the Lease Rider Agreement, including but not limited to any termination, subordination, cancellation, surrender, amendment or modification of the Lease in violation of Section 3 of this Lease Rider Agreement, shall be deemed ineffective. Lessor further agrees, that during the term of the Regulatory Agreement, CTCAC shall have standing to enforce and preserve CTCAC's rights under the terms of this Lease Rider Agreement and the Regulatory Agreement.

20. Subordination. Notwithstanding anything to the contrary contained elsewhere herein, the parties hereto hereby agree that this Lease Rider Agreement (and all amendments, modifications and supplements hereto) is hereby irrevocably and unconditionally made subject and subordinate in all respects to (a) all existing and future deeds of trust and mortgages approved by CTCAC now or hereafter encumbering all or any part of the Lessee's right, title and interest under the Lease (and to all amendments, modifications and supplements thereto), and (b) all rights granted to any

holder of any such deed of trust or mortgage under any term or provision of the Lease. Each existing and future holder of any such deed of trust or mortgage (all of whom shall also constitute "Senior Lenders" for all purposes of this Lease Rider Agreement) is hereby made an express third-party beneficiary of the foregoing sentence. CTCAC hereby approves:

21. Additional Provisions. Intentionally left blank

22. Acknowledgment. Lessor and Lessee acknowledge that CTCAC is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in allocating the allocation of low income housing tax credits to Lessee, and warrants and affirms to and for the benefit of CTCAC that each of their respective representations set forth herein is true, correct and complete as of this date.

CTCAC:

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE, a public agency of the State of California

BY: _____
Anthony Zeto
Deputy Executive Director

LESSOR:

Justin Drinkwater
Director, Nevada County Facilities Department

Date:

LESSEE:

Grass Valley PSH Associates, LP
Gustavo Becerra

Date:

EXHIBIT A
Legal Description

The Land referred to is described as follows:

Real property in the City of Grass Valley, County of Nevada, State of California, described as follows:

All that certain real property situate in the City of Grass Valley, County of Nevada, State of California, described as follows:

Being a portion Parcel A as shown on that certain parcel map recorded in the Office of the Recorder of the County of Nevada, State of California, on September 16, 1981 in Book 15 of Parcel Maps, at Page 113, being more particularly described as follows:

Beginning at the most northerly corner of said Parcel A as shown on said Parcel Map;

Thence South 20° 44' 25" East 186.30 feet, on and along the easterly line of said Parcel A;

Thence South 20° 38' 59" East 52.81, continuing on and along said easterly line of said Parcel A;

Thence South 28° 15' 07" East 44.90 feet, continuing on and along said easterly line of said Parcel A;

Thence North 86° 19' 41" East 22.32 feet, continuing on and along said easterly line of said Parcel A;

Thence North 15° 05' 16" West 16.01 feet, continuing on and along said easterly line of said Parcel

Thence North 9° 41' 05" West 51.34 feet, continuing on and along said easterly line of said Parcel A;

Thence North 1° 19' 51" West 14.70 feet, continuing on and along said easterly line of said Parcel A;

Thence South 51 ° 31' 24" East 8.33 feet, to the beginning of a non-tangent 290.00 foot radius curve concave northeasterly having a chord bearing of South 22° 23' 59" East 124.49 feet;

Thence along the arc of said 290.00 foot radius curve, through a central angle of 24° 47' 16" an arc length of 125.46 feet, continuing on and along said easterly line of said Parcel A and along the southwesterly right of way of Old Tunnel Road as shown on said Parcel Map;

Thence South 34° 55' 28" East 270.12 feet, continuing on and along said easterly line of said Parcel A and along the southwesterly right of way of Old Tunnel Road as shown on said Parcel Map;

Thence South 55° 09' 00" West 10.00 feet, continuing on and along said easterly line of said Parcel A and along the southwesterly right of way of Old Tunnel Road as shown on said Parcel Map to the beginning of a non-tangent 660.00 foot radius curve, concave northeasterly, having a chord bearing

of South 38° 44' 57" East 89.76 feet;

Thence along the arc of said 660.00 foot radius curve, through a central angle of 7° 47' 53" an arc length of 89.83 feet;

Thence South 63° 00' 00" West 35.26 feet, leaving said easterly line of said Parcel A and the southwesterly right of way of Old Tunnel Road;

Thence North 51° 23' 58" West 49.16 feet;

Thence North 71° 02' 17" West 26.63 feet;

Thence North 51° 23' 58" West 32.83 feet;

Thence South 38° 36' 02" West 66.64 feet;

Thence South 58° 36' 02" West 167. 76 feet;

Thence North 3° 07' 05" East 259.95 feet"

Thence North 34° 51' 20" West 245.80 feet, more or less, to a point on the westerly line of said Parcel A;

Thence North 7° 57' 20" East 200.47 feet, on and along said westerly line of said Parcel A;

Thence North 43° 23' 28" East 47.28 feet, more or less, on and along the northwesterly line of said Parcel A to the Point of Beginning.

EXCEPTING THEREFROM all that portion thereof 100 feet below the surface, as conveyed by deed, executed by George A. Legg, et us to D.E. McLaughlin, recorded January 11, 1940, in Book 60, at Page 22, Official Records.

APN: 035-400-054

A;