

**COUNTY OF NEVADA**  
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

**COUNTY LOAN AGREEMENT**  
LOAN NUMBER 23-HOME-16301

This County Loan Agreement (“Agreement” or “Loan Agreement”) is made and entered into 19th day of May 2026, (the “Effective Date”) by and between the County of Nevada, a political subdivision of the State of California (“County”), Penn Valley Pacific Associates II, a California limited partnership (the “Borrower”), Pacific West Communities, Inc., a California Corporation (the “Sponsor”). County, Borrower and Sponsor are collectively referred to herein after as the “Parties”.

The term of this Agreement is fifty-five (55) years from the date of Project completion as “project completion” is defined at 24 C.F.R. §92.2.

**Recitals**

WHEREAS, County has entered into a 55-year Standard Agreement, 23-HOME-16301 dated March 20, 2026, with the California Department of Housing and Community Development (the “Department”), for participation in the Home Investment Partnerships Program (the “HOME Program” or “HOME”) under 24 CFR Part 92, as amended, 25 C.C.R §8200 et seq, (Department HOME Regulations (“HOME Regulations”), Health and Safety Code, including but not limited to § 50896, HOME Consolidated Plan and Annual Action Plan, as amended and updated, and the Uniform Multifamily Regulations at 25 C.C.R. § 8300 et seq. (the “UMRs”), and other state statutes as may be applicable, all of which are incorporated by reference (collectively refer to as “HOME Program Regulation”), (the “Standard Agreement”); and

WHEREAS, County, as the state recipient (and/or Lender and/or Grantor, all terms to be used inter-changeably) for the HOME Program, is responsible for the planning, administration, implementation, and evaluation of the program; and loaning and/or granting of such HOME Program funds received from the County to subrecipient borrower(s) (“Borrower(s)”) and/or grantee(s) (“Grantee(s)”) (as Sponsors, Developers, and/or Community Housing Development Organizations (“CHDO”) as applicable (“Subrecipient”) for (if applicable) the construction and/or development and/or ongoing operating, repairs and management of low-income multifamily and/or other residential property/ies; and

WHEREAS, County desires to assist Borrower (and/or Grantee as applicable) by providing HOME Program funds to assist with the gap financing of a 31-unit rental housing development of which 31 units will be HOME-Assisted Units to be occupied by low and very low-income households which is located in County of Nevada at 10528 Broken Oak Ct, Penn Valley, California, APN # 051-151-065, as more fully described in Exhibit “A” attached hereto (the “Development” or the “Project”); and

WHEREAS, the Development will be constructed, and/or sponsored, and/or managed and operated in accordance with that certain Senior Regulatory Agreement dated as of the date hereof and executed substantially in the form attached hereto as Exhibit “F” (the “Senior

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor’s Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

Regulatory Agreement”); and which Senior Regulatory Agreement shall be recorded as senior in priority to all deeds of trust of all other lenders; and

WHEREAS, the Development will be constructed, and/or sponsored, and/or managed and operated in accordance with that certain Junior Regulatory Agreement dated as of the date hereof and executed substantially in the form attached hereto as Exhibit “G” (the “Junior Regulatory Agreement”).

WHEREAS, the County’s HOME Program loan to the Borrower shall be evidenced by a Promissory Note and secured by a Deed of Trust, each dated as of the date hereof and executed substantially in the forms attached here as Exhibit “J” (the “Note”) and Exhibit “I” (the “Deed of Trust”), which shall be recorded against the Development.

WHEREAS, the Loan shall be evidenced by certain documents including this Agreement, the Note, the Deed of Trust, the Senior Regulatory Agreement, the Junior Regulatory Agreement and other instruments required by County or the Department (collectively, the “Loan Documents”)

NOW, THEREFORE, in consideration of the mutual promises and other valuable consideration as stated in this Agreement and the attached related additional agreements which are all incorporated as exhibits to this Agreement, including by this reference, the Parties agree that the HOME Program funds shall be loaned to Borrower by County, subject to the following conditions and limitations. County expressly would not enter into this Agreement without such Borrower representations and promises, and detrimentally relies thereon. Any terms not defined herein shall have the meaning set forth in the Senior Regulatory Agreement and Junior Regulatory Agreement.

**All disclaimers and recitals stated above are expressly incorporated into this Agreement.**

**A. Recitals**

1. The foregoing recitals are a part of this Agreement.

**B. Development**

1. The Borrower must **construct and develop** on the Property a rental housing project with 31-residential rental units in accordance with the Plans and Specifications described in Exhibit B, attached hereto, and made a part hereof. Borrower and County hereby agree to the Scope and Distribution of Work, as set forth in Exhibit B.

**C. Sources and Uses**

1. The Borrower has received, or will receive, funds for the purpose of developing, constructing and permanently financing the Development in the amounts and from the sources identified in the chart, entitled "Sources and Uses of Funds," in Exhibit C, attached hereto and made a part hereof. All funds must be used and secured in the manner specified in Exhibit C. Borrower agrees to comply with and satisfy all the terms

and conditions imposed on it in connection with the sources of funding identified in Exhibit C.

#### **D. Status of Borrower**

1. Borrower must not permit or agree to any amendment or modification to the Partnership Agreement, Operating Agreement, or Articles of Incorporation and Bylaws, as applicable, previously submitted to the County and upon which the Loan was based without the prior written approval of the County. Where Borrower is a limited partnership, Sponsor shall retain its ownership interest and direct control of the limited partnership. For a limited liability company or a corporation, Sponsor shall maintain control of the entity.

#### **E. Scope of Services**

1. County shall loan an amount not to exceed loan Eleven Million Forty-One Thousand Six Hundred Twenty-Eight Dollars (\$11,041,628) to Borrower in HOME Program funds bearing simple interest at the rate of three percent (3%) per year with a term of fifty-five (55) years from the date of Project Completion as specified in 24 CFR 92.2, as amended, (the "Loan"), the Loan must be used to assist with costs, fees and services related to the Development and Construction of the Project, as applicable including any reimbursement as may be allowed by applicable law (the "Development Costs"). Payments shall be made annually based on Residual Receipts as such term as defined in Paragraph 49, with the first payment due, if any, on April 1 in the year following the first complete calendar year after the Date of Completion, as defined below. Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. The Development shall be completed by December 31, 2028 (the "Date of Completion"), unless otherwise agreed in writing by County. The County, as a lender, shall close its Loan through an escrow account with a title company; and shall obtain: an (i) an American Land Title Association ("ALTA") 2021 or later extended title insurance policy insuring the County against financial loss due to title defects affecting the subject property. The policy includes an ALTA Survey of the Development endorsement to protect the County against financial loss due to title defects on the subject property. During the term of the Loan, Borrower must procure and deliver to the County, within five (5) working days of the County's request, other endorsements to the Title Policy as the County may reasonably require.

"Construction" or "construct" shall refer to the work being performed by Contractor pursuant to the Agreement, whether such work is for the new construction or performance of rehabilitation work.

2. Borrower agrees that any Development costs, unless otherwise specified, which exceed the \$11,041,628.00 in HOME Program funds provided by County pursuant to this Agreement shall be the responsibility of Borrower. Borrower further agrees to pay maintenance and operating costs for the Development. In no event shall any amount due under the Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower, and Borrower must follow the waterfall provisions in UMR section 8314, with any applicable County Loan being treated as "mandatory debt" thereunder.

3. Changes in the Scope of Services, as outlined herein shall be in accordance with the HOME Program Regulations, made by written amendment to this Agreement and approved by both Parties. Any such changes shall comply with HOME Program Regulations.
4. HOME Program funds shall be disbursed at the time of and following construction loan closing upon submission to County a written request for funding, provided that the Conditions to Disbursement described below have been satisfied.

**F. General Conditions.** Borrower agrees to abide by all conditions fully set forth below.

1. Borrower has agreed that THIRTY-ONE (31) units shall be Assisted Units as defined in the Senior Regulatory Agreement and Junior Regulatory Agreement. These units shall serve low-income households and with rents set at HOME rents. The location of the units may float throughout the Development.
2. Term: Unless terminated sooner pursuant to Section F. 70, this Agreement is effective on the date set forth above and will terminate on the date that is fifty-five (55) years from the date that all of the following events have occurred:
  - a. The completion of the Development and acceptance by the County in accordance with the Plans and Specifications described in Exhibit B.
  - b. Submittal to the County of Nevada a Certificate of Occupancy for the Development by the local jurisdiction.
  - c. Submittal to the County a copy of the recorded Notice of Completion for the Development.
  - d. Submittal of all required lien waivers, or passage of the applicable statutory periods for filing mechanic, or other similar liens.
  - e. Notification from the County of Nevada stating the Term and Period of Affordability starting date upon receipt of a-e above.
3. Representations and Warranties: Borrower represents and warrants to the County as follows:
  - a. Organization: Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own the Property and to own, develop, construct, operate and maintain the Development. The copies of the documents evidencing the organization of Borrower delivered to the County are true, complete, and correct copies of the originals, as amended to the date of this Agreement.
  - b. Authority of Borrower: Borrower has full power and authority to execute and deliver this Agreement, the other Loan Documents and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.
  - c. Authority of Persons Executing Documents: The Loan Documents and all documents

- or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower. All actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement, the other Loan Documents and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.
- d. Valid Binding Agreements: The Loan Documents and all documents or instruments executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.
  - e. No Breach of Law or Agreement: None of the execution or delivery of the Loan Documents or of any document or instrument executed and delivered, or to be executed or delivered, pursuant to this Agreement, or the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission, or agency whatsoever binding on Borrower or any provision of the organizational documents of Borrower, will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens approved by the County.
  - f. Compliance with Laws; Consents and Approvals: The Development will comply with all applicable laws, ordinances, rules and regulations of federal (including but not limited to the Americans with Disabilities Act of 1992), state and local governments and agencies having jurisdiction over either the Borrower, the Property or the Development and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency. All permits, consents, permissions and licenses required by any federal, state or local government or agency to which Borrower, the Property or the Development is subject, which may be necessary in relation to this Agreement or the acquisition, development, construction or ownership of the Development, at or prior to the commencement of construction, have been, or will be, obtained, and none of such consents, permissions and licenses are subject to appeal or to conditions which have not been met.
  - g. Pending Proceedings: Borrower warrants that it is not in default under any law or regulations or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower, the Property or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to acquire, construct or develop the Development or repay the Loan or impair the security to be given to the County pursuant hereto.
  - h. Title to Property: Upon recordation of the Deed of Trust, Borrower will have good and marketable title to the Property, or a leasehold interest therein approved by the County and there shall exist thereon or with respect thereto no mortgage, lien, pledge, or other encumbrance of any character whatsoever other than liens for current real property

- taxes and assessments not yet due and payable and other matters of record approved in writing by the County.
- i. Financial Statements: The financial statements of Borrower and any general partner of Borrower and other financial data and information furnished by Borrower to the County fairly and accurately present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Borrower or any general partner of Borrower from that shown by such financial statements and other data and information.
  - j. Adequacy of Loan: The amount of the Loan, together with any funds to be provided by the Borrower or to the Borrower from any other sources, is adequate as permanent financing for the Development in accordance with Exhibit C.
  - k. Payment of Taxes: All federal, state, county and municipal taxes required to be paid by the Borrower or on account of the Property due and payable as of the date of this Agreement have been paid in full as of such date.
  - l. Availability of Utilities: All utilities necessary for the development and occupancy of the Development are available at or within the boundaries of the Property and all steps necessary to assure that such utility services will be available upon completion of the Development have been taken.
  - m. Hazardous Materials: Borrower has performed a due diligence review of the condition of the Property including a review to disclose the possible existence of asbestos and toxic or hazardous materials. All information regarding the condition of the property has been disclosed to the County in writing including but not limited to all Phase I, soils and hazardous materials reports regarding the condition of the Property. Borrower has, or shall execute, an Unsecured Environmental Indemnity Agreement, a copy of which has previously been provided to the Borrower. The obligation created thereunder shall be independent of the obligations arising under the Note and Deed of Trust or any other agreements secured by the real property.
4. Borrower has requested the financial support of County that is provided for in this Agreement in order to enable Borrower to provide affordable housing services. County shall have no relationship whatsoever with the services provided, except the provision of financial support, monitoring, and the receipt of such reports as are provided for herein. Borrower represents that such reports shall be true and correct to the best of its knowledge. Fraudulent statements by the Borrower on a report or deliverable required to be submitted by the Borrower shall be grounds for termination of the agreement and may result in legal action. To the extent, if at all, that any relationship to such services on the part of County may be claimed or found to exist, Borrower shall be an independent contractor only.
  5. Borrower shall obtain any and all federal, state, and local permits and licenses required to complete the Development as described in this Agreement. Borrower further agrees to abide by all applicable federal, state, and local codes, regulations, statutes, ordinances, and laws, as amended.
  6. Borrower shall provide County with client usage records on an annual basis during the period of this Agreement. These records shall include (where applicable), but not be limited to, the following data:

- a. Total clients served;
  - b. Racial breakdown of clients served including Black, White, Hispanic, American Indian / Alaskan and Asian / Pacific Islander;
  - c. Number and percentage of very low-income clients as defined by United States Department of Housing and Urban Development (“HUD”) Income Guidelines;
  - d. Number of disabled clients served;
  - e. Number of female head-of-households served;
  - f. Name of each head of household served;
  - g. Number of persons in each household served; and
  - h. Rent charged to each household served.
7. A copy of move-in certifications for the Assisted Units shall be sent to County upon tenant certification. Borrower will send additional copies of annual tenant certifications and new move-in certifications to the County as requested and specified by the County.
  8. Borrower shall not lease any portion of the Assisted Units to other than HOME-eligible tenants, as defined in the HOME Regulations (24 CFR 92, as amended). Any lessee, sub-lessee, or assignee of a HOME Assisted Unit shall meet HOME Program requirements and serve eligible low-income residents.
  9. If the affordable housing units, or any portion thereof, are subleased without the prior written approval of County or if, through foreclosure, sale, or other circumstances Borrower loses legal possession of the Development, Borrower shall repay to County the remaining balance of the Loan that Borrower received from County hereunder. The Deed of Trust shall be subordinated to the construction and permanent lender deeds of trust securing the senior construction and permanent loans, and County hereby agrees to subordinate the Deed of Trust. County shall subordinate, in accordance with the Uniform Multifamily Regulations, the County Deed of Trust to any financing entered into in connection with a sale or refinancing of the Development. If Borrower chooses to sell, transfer or otherwise convey the Development, the term of the affordability will remain with the Assisted Units pursuant to deed restrictions placed on the Development.
  10. Borrower shall not allow any liens or other encumbrances or any mortgages or other security interest during the Period of Affordability (defined below) without the prior written consent of County. Borrower has the consent of County to secure mortgages and other financing with other construction and permanent mortgage lenders which expressly includes any affiliate of a general partner of Borrower, state tax credit allocating agencies (if any), and the limited partners as the permanent financiers of the Development. Any permanent loan by Borrower from an affiliate of a general partner shall be considered

third party debt and payable in accordance with Section F. 49 (b)(III) of this Agreement. Notwithstanding the foregoing, the County hereby consents to Borrower obtaining a construction and permanent loan from Banc of California N.A., and all other financing closing concurrently with the Banc of California, N.A. construction loan.

11. Other than transfers permitted without County consent set forth in Section 86, Borrower shall not assign or delegate any of its rights, interests or duties under this Agreement without the prior written consent of County, which consent shall not be unreasonably withheld. Any such assignment of delegation made without the required consent shall be voidable by County, and may, at the option of County and subject to all applicable notice and cure periods, constitute an Event of Default (defined below).
12. Borrower shall carry or provide insurance as set forth in the Senior Regulatory Agreement.
13. Borrower shall allow duly authorized representatives of County and the Department to conduct such periodic reviews, audits and on-site monitoring of the Development as County deems to be appropriate in order to determine:
  - a. Whether the objectives of the Development are being achieved;
  - b. Whether the Development is being conducted in an efficient and effective manner;
  - c. Whether management control systems and internal procedures have been established to meet the objectives of the Development;
  - d. Whether financial operations of the Development are being conducted properly;
  - e. Whether the periodic reports to County contain accurate and reliable information; and
  - f. Whether all of the activities of the Development are conducted in compliance with the provisions of Federal and State laws and regulations and this Agreement.

Visits by County to the Development shall be announced to Borrower in advance of those visits and shall occur during normal operating hours. The representatives of County may request, and, if such a request is made, shall be granted, access to all of the records of Borrower which relate to the Development. The representatives of County may, from time to time, interview recipients of the housing services of the Development who volunteer to be interviewed.

14. At any time during normal business hours, Borrower records with respect to the Development shall be made available for audit, examination and review by County, their attorney(s), contracted independent auditors, HUD, the Comptroller General of the United States, or any combination thereof.
15. Borrower shall protect, defend, indemnify, and save and hold harmless County and the Department, its officers, employees and agents from and against any and all liability, damages, demands, claims, suits, liens, and judgments of whatever nature including, but

not limited to, claims for contribution or indemnification for injuries to or death of any person or persons, caused by, in connection with, or arising out of any activities undertaken pursuant to this Agreement including, but not limited to, the construction or operation of the Project. Borrower's obligation to protect, defend, indemnify, and save and hold harmless as set forth in this Section 75.a shall include any and all reasonable attorneys' fees incurred by County and The Department, its officers, employees and agents in the defense of handling of said suits, demands, judgments, liens and claims and all reasonable attorneys' fees and investigation expenses incurred by County and The Department, its officers, employees and agents in enforcing or obtaining compliance with the provisions of this Agreement. The foregoing notwithstanding, Borrower's indemnity obligation hereunder shall not apply to any claims arising from the gross negligence or willful misconduct of County and The Department or any of County's and The Department's respective officers, employees and agents.

16. Borrower shall not use any funds or resources which are supplied by County in litigation against any person, natural or otherwise, or in its own defense in any such litigation and Borrower agrees to notify County promptly of any legal action which is filed by or against Borrower which is likely to have a material adverse effect on Borrower or the Development.
17. This Agreement shall commence on the Effective Date. The Period of Affordability shall be governed according to the terms and conditions set forth in Section 38 below.
18. Borrower agrees that no officer or employee of Borrower may seek or accept any gifts, service, favor, employment, engagement, emolument or economic opportunity which would tend, or could be reasonably perceived, to improperly influence a reasonable person in that position to depart from the faithful and impartial discharge of the duties of that position.
19. Borrower agrees that no officer or employee of Borrower may use his or her position to secure or grant any unwarranted privilege, preference, exemption or advantage for himself or herself, any member of his or her household, any business entity in which he or she has a financial interest or any other person.
20. Borrower agrees that no officer or employee of Borrower may suppress or destroy any report or other document because it might tend to affect favorably or unfavorably that officer's or employee's private financial interests.
21. Borrower shall keep and maintain in effect at all times any and all licenses, permits, notices, insurances and certifications which may be required by any County ordinance or state or federal statute.
22. Borrower shall be bound by all county ordinances and state and federal statutes, conditions, regulations and assurances which are applicable to the entire HOME Program or are required by HUD, County, or any combination thereof.
23. At the discretion of County, any material breach of this Section 14b. may, subject to the

cure rights under Section 69h. after thirty (30) day notice to Borrower and Borrower's limited partners and a failure thereby to cure such material breach, result in forfeiture of all HOME Program funds received by Borrower pursuant to this Agreement, or any part thereof.

24. A draft cost certification shall be submitted by Borrower to County at least sixty (60) days prior to conversion to permanent financing of the Development.
25. The obligations of Borrower shall be nonrecourse as described in the Note.
26. Notwithstanding anything to the contrary herein, any cure of any default or Event of Default made or tendered by a limited partner of Borrower shall be deemed a cure made or tendered by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower under the terms of this Agreement shall also be sent to Borrower's limited partner as defined in Section 69.
27. The limited partner of Borrower shall be permitted to remove one or more general partners thereof for cause, pursuant to the terms of Borrower's Amended and Restated Agreement of Limited Partnership dated June 2, 2026, as amended from time to time (the "Partnership Agreement"). Moreover, if any limited partner of Borrower exercises its right to remove a general partner thereof, County shall not unreasonably withhold its consent to the substitute general partner; provided that, replacement of a general partner with the Borrower's limited partner or administrative limited partner, or an affiliate thereof, on a temporary basis shall not require the consent of the County. The respective interests of Borrower's limited partners shall be transferrable without the consent of County. Consent of County shall be required for any amendment to the Partnership Agreement in order to effectuate a transfer which requires County consent under this Section 86. In cases where consent of County is not required, County will be notified of the action.
28. In addition to the foregoing delivery of evidence of required insurance, the following conditions (the "Conditions to Disbursement") shall be: (i) Borrower's execution and delivery to County this Agreement, the Note, the Deed of Trust, the Senior Regulatory Agreement, and the Junior Regulatory Agreement; (ii) closing of all construction financing, proof of commitment of permanent financing and the recordation of the Deed of Trust, the Senior Regulatory Agreement, and the Junior Regulatory Agreement in the Official Records of Lake County; (iii) Borrower's delivery to County evidence reasonably satisfactory to County that there are no mechanics' liens or stop notices related to the Property or the Development other than those being contested by Borrower in good faith, and Borrower's provision to County of Nevada conditional general contractor lien waivers (subject only to the payment of fees) or final general contractor waivers or releases of lien claims if required by County; (iv) prior to the initial disbursement, Borrower's delivery to County the final executed Partnership Agreement and certified copies of the formation documents for each of Borrower's general partners, documentation of the managing general partner's tax-exempt status, and resolutions authorizing Borrower's execution of and performance under this Agreement, the Note, the Deed of Trust, the Senior Regulatory Agreement, and the Junior Regulatory Agreement; and (v) no material adverse change as determined by

County in its reasonable judgment shall have occurred in the condition of the Property or in the financial or other condition of Borrower since the Effective Date.

29. Notwithstanding any other provision of this Agreement, County shall have no obligation to disburse or authorize disbursement of any portion of the HOME Loan proceeds following: (i) subject to any applicable notice and cure period, the failure of any of Borrower's representations and warranties made in this Agreement or in connection with the HOME Loan to be true and correct in all material respects; (ii) the termination of this Agreement by mutual agreement of the Parties; or (iii) the occurrence and continuance of an Event of Default under this Agreement, the Senior Regulatory Agreement, the Junior Regulatory Agreement, the Note or the Deed of Trust that remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute an Event of Default under any such document.
30. Borrower shall comply with the following laws and directives that include but not limited to:
- a. Title VIII of the Civil Rights Act of 1968, Public Law 90-284.
  - b. Section 109 of the Housing and Community Development Act of 1974.
  - c. Title VI of the Civil Rights Act of 1974, Public Law 99-352, and the regulations of HUD with respect thereto, including 24 CFR, Parts 1 and 2.
  - d. The Fair Housing Act, as amended.
  - e. Executive Order 11063, as amended.
  - f. The Age Discrimination Act of 1975.
  - g. Section 504 of the Rehabilitation Act of 1973.
  - h. Executive Order 11246, as amended, and the regulations which are issued pursuant thereto.
  - i. The Fair Labor Standards Act.
  - j. Section 202(a) of the Flood Disaster Protection Act of 1973.
  - k. Sections 302 and 401(b) of the Lead-Based Paint Poisoning Prevention Act and implementing regulations in 24 CFR, Part 35.
31. No officer, employee or agent of County shall have any interest, direct or indirect, financial or otherwise, in any contract or subcontract or the proceeds thereof, for any of the work to be performed pursuant to the Development during the period of service of such officer, employee or agent, for one year after dismissal.
32. None of the personnel employed in the administration of the Development shall be in any

way or to any extent engaged in the conduct of political activities in contravention of Chapter 15 Title 5, U.S. Code.

33. None of the HOME Program funds to be paid under this Agreement shall be used for any partisan political activity, or to support or defeat legislation pending before Congress.
34. Borrower shall carry out its activities in compliance with all Federal laws and regulations described in 24 CFR Part 92, as amended, which are applicable to Federal Fiscal Year HOME Program grants, except that Borrower will not assume County's environmental responsibilities described in 24 CFR 92.352, nor the intergovernmental review process described in 24 CFR 92.357.
35. Borrower shall maintain records in accordance with 24 CFR 92.508.
36. Borrower in its discretion may request such other and further information, as from time to time required to ensure compliance with the mandates of the above listed Executive Orders.
37. Intentionally deleted.
38. For a period of twenty (20) years (the "Period of Affordability"), as further defined in the Senior Regulatory Agreement and the Junior Regulatory Agreement, Borrower agrees to maintain the residential units of the Development as affordable housing in accordance with the Senior Regulatory Agreement and the Junior Regulatory Agreement, subject to termination prior to the expiration of such period as provided in Section 5 of the Senior Regulatory Agreement.
39. Borrower agrees to maintain the Development in compliance with Housing Quality Standards established by HUD for the Section 8 Program and local housing code requirements for the duration of this Agreement.
40. Borrower agrees that the Period of Affordability established in Section 38 shall commence from the date of "Project Completion" as specified at 24 CFR 92.2.
41. Borrower agrees that, for the duration of this Agreement, the Development will be operated in compliance with HOME Regulations, including without limitation those contained in 24 CFR Part 92 as amended.
42. All leases with tenants living in Assisted Units shall be made for not less than one (1) year, unless a shorter term is mutually agreed upon between Borrower and tenant. All such leases must comply with the requirements set forth in 24 CFR 92.253.
43. Borrower agrees to recertify tenant HOME Program eligibility at least annually as required by HUD regulations.
44. Borrower agrees that maximum rents charged shall not exceed those calculated per HOME

Program Regulations, and that Borrower will supply tenants with written notice at least thirty (30) days before implementing any rent increase.

45. Borrower agrees that all costs of the Development shall be recorded by the following, but not limited to budget line items, and be supported by checks, payrolls, time records, invoices, contracts, vouchers, orders and other accounting documents evidencing in proper detail the nature and propriety of the respective charges, and that all checks, payrolls, time records, invoices, contracts, vouchers, orders or other accounting documents which pertain, in whole or in part, to the Development shall be thoroughly identified and readily accessible to County.
46. Borrower agrees that excerpts or transcripts of all checks, payrolls, time records, invoices, contracts, vouchers, orders and other accounting documents related to or arguably related to the Development shall be provided upon request to County.
47. Borrower agrees that it shall not request disbursement of funds under this Agreement until the funds are needed for payment of eligible costs. The amount of each request shall be limited to the amount of eligible costs in compliance with 24 CFR 92.206.
48. Conditions of Disbursement. Loan funds must be disbursed for eligible costs based on the percentage of the Project completed less ten percent (10%) of any hard costs and in compliance with this Loan Agreement, unless the County releases retention in order to expend the Program Loan funds prior to HUD's regulatory expenditure deadline of December 31, 2027. The County is not obligated to make any disbursements or take any other action under the Loan Documents unless all of the following conditions precedent are satisfied at the time of such action:
  - a. All Loan Documents have been duly executed in a form acceptable to the County and where necessary acknowledged and suitable for recordation;
  - b. Borrower has obtained all required permits and approvals required for the lawful construction and occupancy of the units;
  - c. Borrower has obtained all necessary insurance;
  - d. There exists no Event of Default, as defined in this Loan Agreement, or any other of the Loan Documents, or event, omission or failure of condition which would constitute a default or Event of Default after notice or lapse of time, or both that will not be cured concurrently with the funding of the Loan;
  - e. Borrower has obtained any other required permanent financing (or equivalent, alternative financing approved by the County) and has adequate funding to operate the Development;
  - f. Borrower has obtained for the County, at Borrower's expense, the Title Policy insuring the Deed of Trust;
  - g. Borrower has satisfied all requirements for receipt of the Loan in accordance with the

HOME Program regulations and guidelines and the funds for the Loan are available to the HUD;

- h. Borrower has complied with all special conditions contained hereto, if applicable, which are conditions precedent to the disbursement of funds; and
- i. Borrower has completed, executed, and submitted to the County, on a form provided by the County a request for disbursement of proceeds of the Loan including signing an assurance that items (a)-(h) above have been satisfied.

49. Borrower agrees to repay the Loan based upon an annual audit of the Development in which Residual Receipts are determined as defined below:

- a. Borrower, or Borrower's management agent, shall promptly deposit all Operating Income in a segregated account established exclusively for the Development with a Federal Deposit Insurance Corporation ("FDIC")-insured, or other comparable federally-insured financial institution.
- b. Withdrawals from the account shall be made only in accordance with the provisions of this Agreement, and the approved budget, and shall be disbursed, applied, or reserved and set aside for payment when due for all costs related to the Development including, but not limited to, the following:
  - i. Salaries, wages, and any other compensation due and payable to the employees or agents of Borrower or management agent employed on site in connection with the maintenance, administration or operation of the Development, along with all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required in connection with such employees;
  - ii. All charges incurred in the operation of the Development in connection with utilities, any required real estate taxes to County and assessments, and liability, fire and other hazard insurance;
  - iii. Payments of required interest, principal, impounds, fees and charges, if any, on loans (other than the HOME Loan) which are secured by liens on the Property and which have been approved by County until such time as such loans are repaid in full;
  - iv. All other expenses incurred to cover operating costs, including the fee of the managing agent, Tax Credit Adjuster Payments, payments of principal and interest on any Operating Loan or Voluntary Loans advanced under the Partnership Agreement and approved in writing by the County, and any extraordinary expenses, in accordance with the approved annual operating budget of the Development or as otherwise approved in advance by the County;
  - v. Deposits to operating reserve accounts, replacement reserve accounts and other reserve accounts, if applicable, as outlined in the Junior Regulatory Agreement;
  - vi. Deferred Developer Fee (including interest accrued thereon); until paid in full;

- vii. Payment of the Annual Monitoring Fee as outlined in the Junior Regulatory Agreement; and
  - viii. Payment of the Asset Management Fee, the Partnership Management Fee and the Incentive Management Fee as defined in the Junior Regulatory Agreement.
- c. The balance of Operating Income, as defined in the Junior Regulatory Agreement, remaining after the payments described in this Loan Agreement shall be deemed Residual Receipts. The amount paid to County towards unpaid accrued interest and then to principal on the HOME Loan shall be calculated as follows: County Loan unpaid principal balance divided by the combined unpaid principal balances of all subordinate debt. The calculated proportion applied to 50% of Residual Receipts and must be consistent with the Department's Uniform Multifamily Regulations, as amended.

50. Changes in work to be performed ("Change Orders").

- a. No Change Orders shall be allowed unless specifically stated in writing by the Borrower, and notification made to the County. Change Orders may also be subject to the approval of the senior mortgage lender. Except for the purpose of being protected against an emergency endangering life or property, Borrower shall make no changes in the proposed work which would include any extra or additional work, supply additional labor, services or materials beyond what is actually required for the execution of the contract, if such change requires the consent of the senior mortgage lender, unless pursuant to a written order from the Borrower authorizing the change. No claim for an adjustment of contract price that requires the consent of the senior mortgage lender will be valid unless so approved in writing by the County.
- b. Any Change Order shall include in its final form a detailed description of the proposed change in the work, a definitive statement as to the resulting change in the contract price and/or time of completion and the statement that all work involved in the changes are allowable under the HOME Program Guidelines, and in accordance with the contract requirements except as modified by the Change Order.
- c. All Change Order requests that require the County consent under section 50a above, shall be submitted to County in writing and County shall have ten (10) business days from receipt of the submission to approve or disapprove said Change Order requests. If not approved in writing within ten (10) business days, the County shall be notified in writing, by the Borrower, that said Change Order shall be deemed approved at the end of three (3) business days from the date the Notice is received by the County.
- d. To the extent that the County determines that a proposed Change Order will result in a cost increase, upon written demand from the County, Borrower must provide evidence satisfactory to the County that adequate funds are available to pay such increased costs. Upon written demand by the County, Borrower must deposit into a

construction escrow account such funds as the County reasonably determines to be necessary to ensure payment of the increased costs.

- e. Within thirty (30) days after the filing of a notice of completion for the Development, Borrower must provide to the County without cost a copy of the final as built Plans and Specifications, including actual changes to the work, for the completed Development.

- 51. Architect: For the performance of design and design supervision work on the Development, Borrower agrees to use the architect identified in Exhibit B. Any successor to or substitute for the Architect must be approved in writing by the County. Borrower must not terminate the services of the Architect without written approval of the County.
- 52. Contractors and Subcontractor: For the performance of any construction work on the Development, Borrower agrees to use the general contractor identified in Exhibit B (the "Contractor"). Any successor to or substitute for the Contractor must be approved in writing by the County. The Borrower hereby certifies that the Contractor is not on the Federal Debarred list and is appropriately licensed by, and in good standing with, the State of California Department of Consumer Affairs Contractors State License Board (CSLB) and agrees that the Borrower must only contract with contractors and must ensure that the Contractor and any successor thereto must only contract with subcontractors, which are so licensed.
- 53. Construction Contract: The Borrower must enter into a written contract with the Contractor for the performance of the construction work as set forth in Paragraph 52 above (the "Construction Contract"). The Construction Contract must include as part of its terms, the Construction Contract Addendum from Exhibit D of this Agreement. The Construction Contract must not be entered into by the Borrower prior to receiving the County's written approval of the Contractor and the form of the Construction Contract. Borrower must not terminate or amend the Construction Contract, or the Construction Contract Addendum without the prior written approval of the County. Borrower must monitor and enforce the terms and conditions of the Construction Contract, including the Construction Contract Addendum.
- 54. Construction Responsibilities: Borrower must be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and the Development, including, but not limited to, the quality and suitability of the Plans and Specifications and the equipment used in the construction of the Development, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors and subcontractors of any tier, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements.
- 55. Delay: Borrower must hold monthly draw meetings including the County and representatives from the development team, and the contractor. In these meetings they shall notify the County of any and all delays or interruptions in construction, and the reason and extent of the delay. The Borrower shall also notify the County in writing of

any event causing delay or interruption of construction in the reports submitted along with each draw request, and shall include a copy of a current construction schedule showing the details of progress and delays broken down by trade. Current schedules should also be made available to County upon reasonable request.

56. Purchase of Materials Under Title Retention Agreement: The Borrower must not purchase or install or permit to be purchased or installed any materials, equipment, fixtures, or other part of the Development under any agreements or arrangements wherein the supplier or seller reserves or purports to reserve the right to remove or to repossess any such items or to consider them personal property after their incorporation into the Development, unless authorized in writing by the County.
57. Material Warranties: The Borrower must procure from the Contractor all warranty documents, including warranties on appliances and on building components (such as the roof and siding, etc.), and all service manuals and operating instructions pertaining to the Development.
58. Use of Funds: Borrower agrees that Loan funds must be expended only in accordance with the statutes, regulations and rules governing the HOME Program and only for the purposes and activities and in the amount set forth in this Agreement.
59. Conditions of Disbursement: Loan funds must be disbursed for eligible costs based on the percentage of the Project completed less ten percent (10%) of any hard costs and in compliance with the Standard Agreement, unless the County releases retention in order to expend the Program Loan funds prior to HUD's regulatory expenditure deadline reflected in the Performance Milestones outlined in Exhibit B-1 of this Loan Agreement. The County is not obligated to make any disbursements or take any other action under the Loan Documents unless all of the following conditions precedent are satisfied at the time of such action:
  - a. All Loan Documents have been duly executed in a form acceptable to the County and where necessary acknowledged and suitable for recordation;
  - b. Borrower has obtained all required permits and approvals required for the lawful construction and occupancy of the units;
  - c. Borrower has obtained all necessary insurance as described in Exhibit E;
  - d. There exists no Event of Default, as defined in this Agreement, or any other of the Loan Documents, or event, omission or failure of condition which would constitute a default or Event of Default after notice or lapse of time, or both that will not be cured concurrently with the funding of the Loan;
  - e. Borrower has obtained any other required permanent financing identified in Exhibit C (or equivalent, alternative financing approved by the County) and has adequate funding to operate the Development;

- f. Borrower has obtained for the County , at Borrower's expense, the Title Policy insuring the Deed of Trust as described in Section F. 63 below;
- g. Borrower has satisfied all requirements for receipt of the Loan in accordance with the Program Guidelines and the funds for the Loan are available to the County from the U.S. Department of Housing and Urban Development (“HUD”);
- h. Borrower has completed, executed, and submitted to the County on a form provided by the County a request for disbursement of proceeds of the Loan including signing an assurance that items (a)-(h) above have been satisfied.

60. Disbursement of Funds: Except as may otherwise be provided in this Agreement or approved in writing by the County, all funds which are disbursed by the County must be disbursed in accordance with the Standard Agreement and Exhibit C herein.

61. Liens and Stop Notices: If a claim of lien is recorded affecting the Property or Development, or a bonded stop notice is served upon the County which affects the Loan or the Borrower's funds, Borrower must, within twenty (20) days of such recording or service or within five (5) days of the County's demand (whichever last occurs): (i) pay and fully discharge the same; (ii) effect the release thereof by recording or delivering to the County a surety bond in sufficient form and amount, or otherwise; or (iii) provide the County with other assurance which the County deems, in its sole and absolute discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of the County from the effect of such lien or bonded stop notice. If Borrower has not received actual notice of the claim of lien or bonded stop notice prior to the County's demand, then the five (5) day period described above must be extended to twenty (20) days. Borrower must give the County prompt written notice of all lien claims affecting the Property or Development.

62. Conditions Precedent to Final Disbursement: The final disbursement of the proceeds of the Loan, including any retentions, must be made upon the satisfactory accomplishment of the following conditions:

- a. all of the conditions set forth in Paragraph 16 above have been met;
- b. submission to the County of Nevada of a Notice of Completion duly recorded by Borrower and a Certificate of Occupancy for the Development issued by the local government having jurisdiction over the Development, or any equivalent thereto acceptable to the County;
- c. submission to the County of Nevada comprehensive general liability and any special coverage insurance required in the Senior Regulatory Agreement;
- d. submission to the County of Nevada all lien waivers required by the County or passage of the applicable statutory periods for filing mechanic and other similar liens;

- e. issuance of a certificate or certificates, each in form and substance satisfactory to the County, executed by Borrower and the Architect, either jointly or severally, each certifying that the Development has been completed in accordance with the Plans and Specifications;
- f. completion of the Development in accordance with Exhibit B and acceptance and approval of the Development by the County and by any person or governmental agency whose approval may be required;
- g. submission to the County, if so requested, of a cost audit for the Development satisfactory to the County;
- h. submission to the County of Nevada a Project Completion Report, on a form dictated by the Department of Housing & Urban Development, which is acceptable for entry into the federal disbursement and information system;
- i. submission to the County of Nevada "as-built" Plans and Specifications for each lot and house in the Development, legible, in good order and marked to record all changes made during construction and approval of those "as-built" Plans and Specifications by the County; and
- j. submission to County an endorsement to the Title Policy, obtained at borrower's expense, insuring the Deed of Trust as a lien prior to any statutory lien for labor or materials upon completion of construction.

63. Title Insurance: Borrower must procure from a title insurer acceptable to the County a 2021 (or other version acceptable to the County) ALTA Lender's Policy of Title Insurance (the "Title Policy") with all endorsements the County may reasonably require including but not limited to an ALTA 14 Endorsement, insuring the County of Nevada the validity and the priority of the lien of the Deed of Trust upon the Property and Development, in the principal amount of the Loan, subject only to matters of record approved by the County in writing. During the term of the Loan, Borrower must procure and deliver to the County, within five (5) working days of the County's request, other endorsements to the Title Policy as the County may reasonably require.

64. Record Maintenance and Retention: Borrower must maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures incurred in the construction of the Development for a period of not fewer than three years after the completion of the work.

65. Inspections:

- a. Authorized representatives and agents of the County must be permitted upon reasonable demand to inspect all work, materials, payrolls, personnel records, materials invoices, and other relevant data pertaining to the Development, and must have the right of entry and full access to the Property and the Development. Based

on the findings during any inspection, the County may issue correction notices or stop work orders. In all cases, the Borrower must correct any items noted in the correction notice or stop work order, and request a reinspection, prior to proceeding to the next phase of work.

- b. Except upon the Borrower's request for a reinspection under Section 15 (Right of Entry and Inspection) of Exhibit D (Construction Contract Addendum), the County does not have any affirmative duty to make any inspection. The County will not incur any liability for defects that are known or reasonably could have been known by the Borrower but not disclosed to the County. The County will not be liable for failing to inspect the Development if the Borrower reasonably knew or should have known of any defect without County inspection. Any inspection, investigation or review undertaken by the County will be solely to determine whether the Borrower is properly discharging its obligations to the County and is not to be relied upon as evidence of satisfying any other duty or obligation Borrower may have to any third party.
- c. The fact that inspection, investigation, or review of the design or construction of the Development has or has not been made by the County does not relieve the Borrower or the Contractor of any obligation that they have to inspect the Development and to otherwise comply with the terms of this Agreement.

66. County shall have the right to amend or otherwise revise this Agreement, should such modification be required by HUD, County or any applicable Federal statutes or regulations and Borrower shall approve any such required changes provided such changes do not materially change the economic terms described herein or expand Borrower's liability hereunder.

67. In the event that any of the HOME Program funds for any reason are terminated or withheld from County or otherwise not forthcoming, County shall have the right to revoke this Agreement to the extent of any such shortfall, , except if such shortfall is caused by the gross negligence or willful misconduct of the County.

68. This Agreement shall only be modified by a written amendment signed by the Parties, or as otherwise set forth in the terms of the Agreement.

69. County acknowledges that the Development is being developed and operated so that one hundred percent (100%) of the units (other than unit occupied by resident manager) will qualify for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") ("LIHTCs"). County agrees that nothing in the Loan Documents shall require Borrower to violate the requirements of Section 42 of the Code or the Treasury Regulations promulgated thereunder, or to operate the Development in a manner that would prevent one hundred percent (100%) of the units (other than the unit occupied by resident manager) from qualifying for LIHTCs. Without

limiting the generality of the foregoing, County acknowledges that the household size appropriate for each unit shall be determined according to the LIHTC rules and regulations.

70. Events of Default: The occurrence of any of the following events constitutes an "Event of Default" hereunder following notice to the Borrower by the County, specifying (1) the applicable event, (2) the action required to prevent such event from becoming an Event of Default, and (3) a date not fewer than thirty (30) days after the date the notice is mailed to Borrower, by which such action must be taken:
- a. Monetary. (i) Borrower's failure to pay when due any sums payable under the Note or any of the other Loan Documents; (ii) Borrower's failure or inability to secure anticipated permanent financing from parties other than the County as specified in Exhibit C (or equivalent alternative financing approved by the County), regardless of fault of the Borrower; or (iii) Borrower's failure to use or apply Loan funds in the manner specified by, or consistent with the purposes of this Agreement and as specified in Exhibit B.
  - b. Construction; Use. The following are Events of Default during Construction:
    - i. Borrower's failure to remedy to the County's satisfaction within thirty (30) days of the County's written demand to do so, or is such defect cannot reasonably be remedied in thirty (30) days, Borrower commences and diligently pursues a cure within such time:
      - A. ny material deviation in the Construction from the Scope and Distribution of Work that occurred without the County's approval; or
      - B. Use of defective workmanship or materials in constructing the Development.
    - ii. The cessation of construction of the Development prior to completion for a continuous period of more than fifteen (15) days (unless caused by war, rebellion, insurrection, strike, lockout, boycott, pandemic, act of God, or other event beyond the Borrower's control as determined in the sole and absolute discretion of the County);
    - iii. The prohibition, enjoining, or delay (in any manner) of the construction of, or the prohibition or enjoining (in any manner) of the leasing of, any Unit in the Development in accordance with the Loan Documents for a continuous period of more than thirty (30) days; or
    - iv. The curtailment in availability to the Development for a continuous period exceeding thirty (30) days of utilities or other public services necessary for construction or the full occupancy and utilization of the County.
  - c. Performance of Obligations. Borrower's failure to perform any obligations under any of the Loan Documents, Borrower's failure to perform obligations under any other

lender's loan documents, Borrower's failure to perform any obligations under a ground lease, including lease riders, or Borrower's failure to perform its obligations under this Agreement.

- d. Representations and Warranties. If Borrower, in any of the Loan Documents, statements, certificates or schedules furnished to the County, conceals facts in any material respect or makes representations or warranties which are later proven to have been untrue; or (ii) if the Borrower's representations or warranties in any of the Loan Documents or any statement, certificates or schedules furnished by Borrower to the County, other than those regarding the financial condition of the Borrower have ceased to be true and have remained untrue for fifteen (15) days after notice of such change to Borrower by the County; or (iii) any adverse material change in the financial condition of Borrower or Sponsor from the financial condition represented to the County as of the date of this Loan Agreement.
- e. Voluntary Bankruptcy: Insolvency; Dissolution. Borrower's or any general partner of Borrower's (i) filing of a petition for relief under any state or federal law regarding bankruptcy, reorganization or other relief to debtors; (ii) filing any pleading in any involuntary proceeding under any state or federal law regarding bankruptcy, reorganization or other relief to debtors which admits the jurisdiction of the court or the petition's material allegations regarding the Borrower's insolvency; (iii) making a general assignment for the benefit of creditors; (iv) applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower, any general partner of Borrower, or any of their respective properties; (v) inability or admission in writing of its inability to pay its debts as they are due; or (vi) death, if an individual; or the filing by Borrower or any general partner of Borrower of a petition seeking the liquidation or dissolution of Borrower or any general partner of Borrower or the commencement of any other procedure to liquidate or dissolve Borrower or any general partner of Borrower.
- f. Involuntary Bankruptcy: Borrower's or any general partner, member, or manager of Borrower's failure to effect a full dismissal of any involuntary (i) petition under any state or federal law regarding bankruptcy, reorganization or other relief to debtors; (ii) proceeding for the appointment of a receiver, trustee or liquidator for Borrower or any general partner of Borrower or all or a material part of the assets of the Borrower or any general partner, member, or manager of Borrower, or (iii) petition or proceeding under other state or federal law regarding bankruptcy, reorganization or other relief to debtors that is filed against Borrower or any general partner, member, or manager of Borrower or in any way restrains or limits Borrower or any general partner, member, or manager of Borrower or the County regarding the Loan, the Property or the Development, in any event prior to the earlier of the entry of any order granting relief sought in the involuntary petition or proceeding, or sixty (60) days after the date of filing of the petition or beginning of the proceeding.
- g. Liens; Attachment; Condemnation; Encroachments. (i) The filing of any claim of lien against the Property or the Development, or any part thereof, or service on the County of Nevada any bonded stop notice relating to the Loan and the continuance

of the claim for lien or bonded stop notice for twenty (20) days after Borrower receives actual notice thereof without discharge, satisfaction or provision for payment being made as provided for in Paragraph 18 hereof; (ii) the condemnation, seizure or appropriation of, or the occurrence of an uninsured casualty with respect to, any material portion of the Property or the Development, such materiality to be determined by the County in its sole and absolute discretion; (iii) the sequestration or attachment of, assignment by Borrower for the benefit of its creditors of, or any levy or execution upon, the Property, the Development, other collateral provided by Borrower under any of the Loan Documents, monies in any account as may be required under any Loan Document for the deposit of operating income, or substantial portion of the other assets of Borrower, which is not released, expunged or dismissed prior to the earlier of sixty (60) days after sequestration, attachment or execution or the sale of the assets affected thereby; or (iv) any survey provided to the County upon a request for a disbursement of Loan funds shows encroachments which occurred without the written approval of the County which, in its sole and absolute discretion, the County requires to be removed or corrected, and the failure to remove or correct any such encroachments within thirty (30) days after receipt of the survey.

71. Cure Rights: Notwithstanding anything to the contrary herein, the County hereby agrees that any cure of any default offered by the limited partners of the Borrower will be accepted or rejected on the same basis as if cure was offered by the Borrower.

72. Remedies upon an Event of Default: Upon the happening of an Event of Default, the County's obligation to disburse proceeds of the Loan terminates and the County has the right to either apply all or any part of the remaining proceeds of the Loan to payment of accrued interest and principal due under any obligations of Borrower hereunder or terminate this Agreement. Upon the occurrence of an Event of Default, the County may also, in addition to all other rights and remedies available to the County hereunder or under the Loan Documents or applicable law, at its option, proceed with any or all remedies set forth herein:

- a. Terminate this Agreement;
- b. Call all sums advanced under the Note and all interest accrued thereon which remains unpaid, immediately due and payable, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notice or demand of any kind or character;
- c. Completion of Project: The County must have the right to enter into possession of the Property and the Development, to take over and complete the Development in accordance with the Plans and Specifications, to discharge and replace the Contractor and to employ personnel to protect the Property and the Development and, for those purposes, to make disbursements of proceeds of the Loan. All such disbursements must be deemed to have been paid to the Borrower by the County, advanced under the Note and secured by the Deed of Trust. Any funds so advanced must be paid to the County by Borrower on demand, together with interest thereon at the rate of ten (10%) percent

per annum from the date of expenditure. Any contracts entered into or indebtedness incurred upon the exercise of such right may be in the name of the Borrower, and for such purposes and the other purposes of this Paragraph 70 the County is hereby authorized and irrevocably appointed attorney-in-fact (said appointment being coupled with an interest) to enter into said contracts or agreements or contracts or agreements theretofore made by or on behalf of Borrower and to do any and all things necessary or proper to complete the work of construction, including the signing of Borrower's name to such contracts and documents as may be deemed necessary by counsel for the County.

In addition to the foregoing and not in limitation thereof, the Borrower hereby further empowers the County as said attorney as follows: a) To use any funds of the Borrower, including any balance which may be held in the construction disbursement account established hereunder and any funds which have not yet been disbursed for the purpose of completing the construction of the Development in the manner called for by the Plans and Specifications; b) to make such additions, changes and corrections in the Plans and Specifications as necessary or desirable to complete the Development in substantially the manner contemplated by the Plans and Specifications; c) to employ such contractors, subcontractors, agents, architects and inspectors as required for said purposes; d) to pay, settle or compromise all existing bills and claims which may be liens against the Property, the Development, or any part thereof, or as may be necessary or desirable for the completion of the construction of the Development, or for clearance of title; e) to execute all applications and certificates in the name of the Borrower which may be required by the construction contract or documents entered into in connection therewith; f) to prosecute and defend all actions and proceedings in connection with the Property or the construction of the Development and to take such action and require such performance necessary; and g) to do any and every act which the Borrower might do in its own behalf with regard to completion of the construction of the Development. In no event will the County be required to expend its own funds to complete the Development if the remaining Loan proceeds are insufficient, but the County may, at its option, advance such funds. Any funds so advanced must be advanced under the Note and secured by the Deed of Trust.

d. **Stoppage of Construction:** Upon an Event of Default specified in Section 69, the County may order immediate stoppage of construction and demand that the condition be corrected, notwithstanding any right of Borrower under this Agreement to correct or insure against such defects. After issuance of such an order in writing, no further work must be done on the Development without the prior written consent of the County and until said condition has been fully corrected.

e. **Judgment for Specific Performance; Appointment of a Receiver:** Upon the occurrence of an Event of Default, the County may seek an order for specific performance in any court of competent jurisdiction or may apply to any such court for the appointment of a receiver to take over and operate the Development in accordance with the terms of the Loan Documents, or for such other relief as may be appropriate.

**73. Right to Contest:** Borrower has the right to contest in good faith any claim, demand, levy, or assessment that would constitute an Event of Default hereunder. Any such contest must be prosecuted diligently and, in a manner, not prejudicial to the County or the rights

of the County hereunder. Upon demand by the County, Borrower must, within five days, make suitable assurances by depositing funds with the County, obtaining a bond, obtaining title insurance specific to the matter at issue, or making other assurances satisfactory to the County for the possibility that the contest will be unsuccessful. If assurance is made by deposit of funds with the County, the amount so deposited will be disbursed in accordance with the resolution of the contest.

74. Rights Cumulative, No Waiver: All the County's rights and remedies provided in the Loan Documents, granted by law or otherwise, are cumulative and, except as provided herein, may be exercised by the County at any time. No waiver shall be implied from any failure of the County to take, or any delay by the County in taking, action concerning any Event of Default or failure of condition under the Loan Documents, or from any previous waiver of any similar or unrelated Event of Default or failure of condition. Any waiver or approval under any of the Loan Documents must be in writing and shall be limited to its specific terms.
75. Attorneys' Fees; Enforcement: If any attorney, including the California Attorney General, is engaged by the County to enforce, construe or defend any provision of any of the Loan Documents, or as a consequence of any Event of Default not cured hereunder or default under any other Loan Document, with or without the filing of any legal action or proceeding, Borrower shall pay to the County, immediately upon demand, the amount of all attorneys' fees and costs incurred by the County and the State of California in connection therewith, together with interest thereon from the date of such demand at the rate of ten (10%) percent per annum.
76. Enforcement of the Construction Contract: The parties hereto agree that the County shall have, and is hereby assigned, the right of the Borrower to enforce the provisions of the Construction Contract and all documents related thereto in the event, as determined by the County, in its sole and absolute discretion, that the Borrower fails, refuses, or is otherwise unable to enforce them. The County shall notify the Borrower, in writing, of its determination to effect this assignment, specifying the reasons therefor, at least fifteen (15) days prior to the County's undertaking any such action.
77. Indemnification and Waiver:
- a. Indemnification: Borrower agrees to indemnify the County and its appointees, agents, employees, attorneys, consultants, officers, successors and assigns (collectively, the "HCD Indemnified Parties" or other "Indemnitee") against, and hold the HCD Indemnified Parties harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), of every name, kind and description, which are threatened or asserted against, or suffered or incurred by the County or any other indemnity as a direct or indirect consequence of: (i) the making of the Loan to the Borrower; (ii) Borrower's failure to fully and timely perform any obligations as and when required by this Agreement, or Borrowers or Sponsors failure to fully and timely perform their obligations under any of the Loan Documents; (iii) any failure at any time of any of the Borrower's representations or warranties contain herein or in the other loan documents to be materially true and correct; (iv) any act or omission by Borrower,

or by the contractor, subcontractor, material supplier, engineer, architect, manager or other person or entity with respect to the Property, or the design, construction, management, maintenance, repair or operations of the Development; or (v) the presence of any environmental conditions at the Development or on the Property. Borrower shall pay immediately upon the County's demand any amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of ten percent (10%) per annum. Borrower's duty to indemnify and hold the County and other indemnities harmless hereunder includes the duties to defend as set forth in Section 2778 of the California Civil Code. Borrower shall have no obligation to indemnify the HCD Indemnified Parties for any loss to the extent caused by the gross negligence or willful misconduct of any HCD Indemnified Party.

Borrower's indemnification, defense and hold harmless obligations with respect to any such matters shall be made by counsel reasonably acceptable to the County; shall commence immediately upon any such claim or matter being made, threatened or asserted against the County, any other Indemnitee, the Development or the Property without the necessity of the County or any other Indemnitee first contesting or defending the same, suffering or incurring any cost, loss or adverse disposition, or otherwise taking any other action; and shall apply to all such matters regardless of any action, failure or negligence, whether primary or secondary, of the County or any other Indemnitee, as applicable, it being the express intent of the parties that the indemnification, defense and other obligations of Borrower hereunder apply to all matters referenced herein except to the extent caused by the gross negligence or willful misconduct of the County or other applicable Indemnitee. In the event the Sponsor and/or Borrower fails or refuses to initiate or continue pursuing to completion any such defense or other obligations hereunder, the County or other Indemnitee shall be entitled to undertake, assume, and/or conclude the same, all at the Borrower's sole cost and expense, with counsel selected by the County or other Indemnitee in its sole and absolute discretion; and any and all costs, fees and expenses paid by the County or other Indemnitee in connection therewith, together with any and all costs, losses and expenses incurred by the County and/or any other Indemnitee for which it is entitled to indemnification, defense and being held harmless from under this subparagraph a., shall be added to the principal amount of the Loan, shall bear interest at the rate of ten percent (10%) per annum from the date incurred until paid and shall be immediately due and payable upon demand.

- b. Waiver and Release: The Borrower waives and releases any and all rights to any types of express or implied indemnity against the County and all other Indemnitees.
- c. Waiver. The Borrower expressly waives the protections of Section 1542 of the California Civil Code in relation to subparagraphs (a) and (b) above. Section 1542 relates to a general release and states as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY**

**AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

78. Further Assurances: At the County's request and at Borrower's expense, Borrower shall execute, acknowledge, and deliver any other instrument and perform any other act necessary, desirable, or proper (as determined by the County) to carry out the purpose of the Loan Documents or to perfect and preserve any liens created by the Loan Documents, Provided, however, that such instruments shall not increase the Borrower obligations or liabilities under the Loan Documents.
79. Notices: All written notices and demands under the Loan Documents shall be deemed served upon delivery or, if mailed, upon the date shown on the delivery receipt (or the date on which delivery was refused as shown on the delivery receipt) after deposit in United States Postal Service certified mail, postage prepaid, return receipt requested, or after delivery or attempted delivery by an express delivery service, and addressed to the address of Borrower or to the primary place of business or the mailing address of the County, as applicable, appearing below in the Borrower's signature block. Notice of change of address may be given in the same manner, provided Borrower's address shall be in the State of California or the state where Borrower's principal place of business is located, as represented to the County in the Loan Documents.
80. Displacement and Relocation: If the acquisition, construction, or development of the Development will result in the temporary or permanent displacement of occupants, the Borrower shall provide relocation payments and assistance in accordance with the applicable federal and state requirements.
81. Amendments and Additional Agreements: This Agreement shall not be altered or amended except in writing executed by all parties. The Borrower agrees that any other agreements entered into by the Borrower relating to the performance of this Agreement shall be subject to the written approval of the County.
82. Books and Records: Borrower shall maintain complete books of accounts and other records for the Development and for the use of the Loan proceeds; including, but not limited to, records of preliminary notices, lien releases, invoices and receipts, and certificates of insurance pertaining to the Contractor and each subcontractor; and the same shall be available for inspection and copying by the County upon reasonable notice to Borrower.
83. No Third Parties Benefited: No person other than the County and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents.
84. Authority to File Notices: At any time subsequent to the funding of the Loan, Borrower irrevocably appoints and authorizes the County, as Borrower's attorney-in-fact, which agency is coupled with an interest, to execute and record, on either of them, in the County's or Borrower's name, any notices, instruments or documents that the County deems appropriate to protect the County's interest under any of the Loan Documents.

85. **Actions:** At any time subsequent to the funding of the Loan, the County may commence, appear in or defend any action or proceeding purporting to affect the Property, Development, Loan Documents or the rights, duties or liabilities of Borrower or the County under the Loan Documents. In exercising this right, the County may incur or incur and pay reasonable costs and expenses including, without limit, attorneys' fees and court costs and Borrower agrees to pay all such expenses so incurred and reimburse the County for any expenses so paid.
86. **Relationship of Parties:** The relationship of Borrower and the County under the Loan Documents is, and shall at all times remain, solely that of borrower and lender. The County neither undertakes nor assumes any responsibility or duty to Borrower or to the Sponsor or to any third party with respect to the Property for the Development, except as expressly provided in the Loan Documents.
87. **Assignment of Loan Documents:** Neither Borrower nor Sponsor shall assign any interest, or any portion thereof, under any of the Loan Documents, or in any monies due or to become due thereunder, without the County 's prior written consent. Any such assignment made without the County's consent shall be void. Borrower recognizes that this is not an ordinary commercial loan and that the County would not make the Loan except in reliance on Borrower's and Sponsor's expertise and reputation, the County 's knowledge of Borrower and Sponsor, and the County 's understanding that this Development Agreement is more in the nature of an agreement involving personal services than a standard loan where the County would rely on security which already exists. In this instance, the work to be funded has not been performed at the time of Loan approval and the County is relying on Borrower's and Sponsor's expertise and prior experience to construct and develop the Development in accordance with the terms of the Loan Documents.
88. **Restrictions on Transfer of Property, Project, and Interest in Borrower:** Borrower shall not assign, sell, transfer, or convey any interest in the Borrower, the Property, or the Development, including, without limitation, any general partnership interest in the Borrower, except as provided for in this Agreement, without the County 's prior written consent. Borrower shall promptly notify the County of Nevada such transfers and shall provide the County with any documents respecting such transfer as the County may reasonably request; provided however that Borrower, if Borrower is a limited partnership, may sell, assign, transfer or convey limited partnership interests without the prior approval of the County. Notwithstanding the foregoing or any other provision herein to the contrary, County's consent shall not be required for any transfer of the Development or interest therein, in connection with a foreclosure or deed-in-lieu of foreclosure of the senior deed of trust on the Development, or the first subsequent transfer following such foreclosure or deed-in-lieu of foreclosure, or any encumbrance in connection with either of the foregoing.
89. **Signs:** Any signs placed on the Property during construction that identify the Sponsor of, or lenders to, the Development shall include the County as one of the entities providing financing to the Development. During the construction period the County may place one or more signs on the Property stating that it is providing financing for the Development.

90. **County 's Agents:** The County may designate an agent or independent contractor to

exercise any of the County 's rights under the Loan Documents. Any reference to the County in any of the Loan Documents shall include the County's agents, employees, or independent contractors.

91. Severability: If any provision of the Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, that portion shall be deemed severed from the Loan Documents and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been part of the Loan Documents.
92. Heirs, Successors and Assigns: The terms of the Loan Documents shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties; provided however, that this Paragraph shall not waive the provisions of Section F. 87.
93. Time: Time is of the essence of each term of the Loan Documents.
94. Headings: All headings appearing in any of the Loan Documents are for convenience only and shall be disregarded in construing the Loan Documents.
95. Governing Law: The Loan Documents are governed by, and construed in accordance with, federal law and the laws of the State of California. To the extent State law is preempted by federal law, the federal law prevails. Borrower and all persons and entities in any manner obligated to the County under the Loan Documents consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
96. Integration; Interpretation: The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations. No Loan Document shall be modified except by written instrument executed by all the parties thereto. Any reference in any of the Loan Documents to the Property or Development shall include all or any parts of the Property or Development. Any reference to the Loan Documents in any of the Loan Documents includes any amendments, renewals or extensions approved by the County. Any reference in this Development Agreement to the Loan Documents shall include all or any of the provisions of this Development Agreement and the Loan Documents unless otherwise specified.
97. Joint and Several Liability: The liability of all persons and entities who are in any manner obligated under any of the Loan Documents shall be joint and several.
98. Incorporation: This Agreement, together with the following Exhibits attached hereto and incorporated herein by reference, and the agreements referenced herein, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements with respect thereto.

Exhibit A: Legal Description

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

- Exhibit B: Plans & Specifications/Scope & Distribution of Work
- Exhibit C: Sources and Uses of Funds
- Exhibit D: Construction Contract Addendum
- Exhibit E: Insurance Requirements
- Exhibit F: Senior Regulatory Agreement
- Exhibit G: Junior Regulatory Agreement
- Exhibit H: Replacement Reserve Agreement
- Exhibit I: Deed of Trust
- Exhibit J: Promissory Note "The Note"

99. Equal Opportunity. During the construction of the Development, neither Borrower nor its agents or contractors shall discriminate on any unlawful basis including but not limited to race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the construction work.

100. Borrower shall not discriminate against any prospective tenant in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Development on the basis of race, religion, sex, age, disability, marital status, nor any other arbitrary factor in violation of any state, federal or local law governing discrimination in rental housing. Housing, which is intended to benefit, and is therefore limited to senior citizens, is permitted only with the prior approval of the selection criteria by County.

101. Any notice required or authorized under this Agreement shall be effective if, and only if, in writing and if, and only if, mailed, postage prepaid, by registered or certified mail, to the Party in question at the address shown below:

County:

County of Nevada  
950 Maidu Avenue,  
Nevada City, CA 95959  
Attn: Health and Human Services Agency Director

Borrower:

Penn Valley Pacific Associates II, a California Limited Partnership  
c/o Pacific West Communities, Inc.  
430 E. State Street, Suite 100  
Eagle, ID 83616  
Attn: Caleb Roope

With a copy to Managing General Partner:

Lone Oak II-BBP, LLC  
c/o Building Better Partnerships, Inc.  
1455 Butte House Road  
Yuba City, CA 95993  
Attn: Gustavo Becerra

With a copy to Borrower's Limited Partner(s):

PNC Bank, National Association  
c/o PNC Real Estate  
121 S.W. Morrison Street, Suite 1300  
Portland, OR 97204-3143  
Attn: Asset Management

and Borrower's limited partner's counsel:

Kutak Rock LLC  
1650 Farnam Street  
Omaha, NE 68102  
Attn: Shane Deaver

With a copy to Borrower's Counsel:

SMF Legal, PLLC  
430 E. State Street, Suite 140  
Eagle, ID 83616

102. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

103. County hereby agrees to consent to a re-subordination of the Loan to any refinance of the senior mortgage loan subject to compliance with the 24 CFR §92, as amended and the Department's Uniform Multifamily Regulations, as amended.

104. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

**BORROWER:**

**PENN VALLEY PACIFIC ASSOCIATES II, A CALIFORNIA LIMITED PARTNERSHIP**

**By: TPC HOLDINGS IX, LLC,**  
an Idaho limited liability company  
Its: Administrative General Partner

By: Pacific West Communities, Inc.,  
an Idaho corporation  
Its: Manager

By: \_\_\_\_\_  
Caleb Roope, President and CEO

**By: LONE OAK II-BBP, LLC,**  
a California limited liability company  
Its: Managing General Partner

By: Building Better Partnerships, Inc.,  
a California Nonprofit Public Benefit Corporation  
Its: Manager

By: \_\_\_\_\_  
Gustavo Becerra, President

**COUNTY:**  
**COUNTY OF NEVADA, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA**

By: \_\_\_\_\_  
Ryan Gruver  
Health & Human Services Agency Director

**EXHIBIT A. TO LOAN AGREEMENT  
LEGAL DESCRIPTION**

Real property in Penn Valley, County of Nevada, State of California, described as follows:

PARCEL 1, AS SHOWN ON THE PARCEL MAP FILED FOR RECORD JULY 18, 2018 IN VOL. 21 OF PARCEL MAPS PAGE 55 OF NEVADA COUNTY RECORDS.

APN: 051-151-065-000

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

**EXHIBIT B. TO LOAN AGREEMENT**

**Plans and Specifications/Scope and Distribution of Work**

**LOAN NUMBER: 23-HOME-16301**

**Construction Description**

1. Construction Schedule

Commencement of Construction: On or about June 2, 2026

The Contractor must commence the work to be performed under this Agreement no later than ten (10) days after the Borrower issues it a Notice to Proceed. The Contractor must follow this construction schedule, which is incorporated and made a part of this Agreement. The construction schedule must have a date for the completion of the Project no later than twenty-four (24) months following the closing of the HOME Loan. This date may not be extended without the express written approval of the County. Immediately after the Project's completion, the Borrower must file, or cause to be filed, a Notice of Completion.

Certificate of Occupancy: On or about June 1, 2027

Occupancy by Eligible Households: 31 Units

2. Description of Plans and Specifications

These plans and specifications dated January 16, 2026, are approved by the County and are kept on file with the County Building Department.

3. Contractor

Pacific West Builders, Inc.  
430 E. State Street, Suite 100  
Eagle, ID 8361

4. Architect

DG Group Architecture, PLLC dba Pacific West Architecture  
430 E. State Street, Suite 100  
Eagle, ID 8361

**EXHIBIT B-1. TO LOAN AGREEMENT**  
**Plans & Specifications/Scope & Distribution of Work**  
**LOAN NUMBER: 23-HOME-16301**

**Performance Milestones**

Borrower must ensure the completion of the Performance Milestones set forth in the table below by their corresponding date in the column titled “Date to be Completed”. Borrower may request from the County an extension of these timelines; however, the County has sole and absolute discretion to approve or deny such a request. This Performance Milestones schedule supersedes previous Performance Milestones on the project report and Standard Agreement between the County and the Borrower.

	<b>Performance Milestone</b>	<b>Date to be Completed (if not applicable, indicate N/A)</b>
<b>1</b>	Executed binding agreement between the Sponsor and developer of the Project detailing the terms and conditions of the Project development.	May 19, 2026
<b>2</b>	Control of Project site(s)	June 2, 2026
<b>3</b>	Completion of all necessary environmental clearances required under CEQA and if applicable, NEPA.	CEQA: Oct. 27, 2015 NEPA Dec. 5, 2025
<b>4</b>	Obtaining all necessary and discretionary public land use approvals.	January 27, 2022
<b>5</b>	Obtaining all enforceable construction funding commitments.	December 30, 2025
<b>6</b>	Obtaining all enforceable permanent funding commitments including substantially final permanent loan documents, Tax Credit syndication, and Bond loan documents.	December 30, 2025
<b>7</b>	Submission of Final Construction Drawings and Specifications to the appropriate local building County or permitting authority.	January 16, 2026 Approved: Feb. 3, 2026-Grading Feb. 20, 2026-Building
<b>8</b>	Commencement of construction.	June 2, 2026
<b>9</b>	Construction completed and the filing of the Notice of Completion.	June 1, 2027
<b>10</b>	Permanent closing date.	December 1, 2027
<b>11</b>	Program funds fully disbursed.	June 1, 2027
<b>12</b>	HUD expenditure deadline*	March 20, 2030

\*The County may not disburse any funds subject to this Agreement beyond this date.

**EXHIBIT B-2. TO LOAN AGREEMENT**  
**Plans & Specifications/Scope & Distribution of Work**  
**LOAN NUMBER: 23-HOME-16301**

**Construction Budget Schedule of Values**

**CONSTRUCTION COST BREAKDOWN**

*Lone Oak Senior Apts. II*

*Penn Valley, CA*

*Rev. 3/19/26*

<b>TRADE ITEM #</b>	<b>DESCRIPTION</b>	<b>PER SQ. FT.</b>	<b>PER UNIT</b>	<b>BUDGETED AMOUNT</b>	<b>TOTALS</b>
<b>SITE</b>					
1	Earth Work	20.89	22,500	697,500	
2	Site Utilities - Wet	15.09	16,250	503,750	
3	Site Utilities - Dry	11.38	12,250	379,750	
4	Site Concrete	6.50	7,000	217,000	
5	Roads & Parking	11.14	12,000	372,000	2,170,000
<b>BUILDING</b>					
6	Building - Concrete	16.25	17,500	542,500	
7	Rough Carpentry	81.25	87,500	2,712,500	
8	Siding	11.25	12,116	375,600	
9	Stucco	10.00	10,768	333,800	
10	Finish Carpentry	3.12	3,365	104,300	
11	Insulation	2.69	2,894	89,700	
12	Roofing	3.12	3,365	104,300	
13	Sheet Metal / Stairs	26.96	29,032	900,000	
14	Doors & Hardware	3.25	3,500	108,500	
15	Windows	1.90	2,045	63,400	
16	Mirrors	0.37	403	12,500	
17	Drywall	15.00	16,155	500,800	
18	Gypcrete/Underlayment	0.44	471	14,600	
19	Painting/Decoration	5.00	5,384	166,900	
20	Specialties	0.19	203	6,300	
21	Cabinets	2.19	2,355	73,000	
22	Countertops	0.58	625	19,375	
23	Appliances	1.74	1,875	58,125	
24	Blinds and Shades	0.31	335	10,400	
25	Floor Covering	1.88	2,019	62,600	
26	Special Construction - Solar	4.64	5,000	155,000	
27	Elevators/Bridges	8.99	9,677	300,000	
28	Plumbing	16.25	17,500	542,500	
29	Fire Sprinklers	6.50	7,000	217,000	
30	Heating and Air Conditioning	12.77	13,750	426,250	
31	Electrical	13.93	15,000	465,000	8,364,950
<b>SITE COMPLETION</b>					
32	On-Site Improvements	9.56	10,292	319,038	
33	Landscaping	6.87	7,403	229,500	
34	Off-Sites / Commercial Space	4.10	4,419	137,000	685,538
	<b>Total Direct Costs</b>	<b>336.10</b>	<b>361,951</b>		<b>11,220,488</b>
<b>INDIRECT COSTS</b>					
35	General Requirements	20.17	21,717	673,229	
36	Prevailing Wages (Included above)	-	-	-	
37	General Overhead	7.13	7,673	237,874	
38	Builder's Profit	21.38	23,020	713,623	
39	Contingency	23.96	25,806	800,000	
	<b>Total Indirect Costs</b>	<b>72.63</b>	<b>78,216</b>		<b>2,424,726</b>
	<b>TOTAL CONSTRUCTION COSTS</b>	<b>408.74</b>	<b>440,167</b>		<b>13,645,214</b>

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

**EXHIBIT C. TO LOAN AGREEMENT**  
**Sources and Uses of Funds**  
**LOAN NUMBER: 23-HOME-16301**

**Sources and Uses of Funds**

1. Sources and Uses: Construction Period

Source	Name of Lender	Amount
Construction Loan – Tax Exempt A Bonds	Banc of California	\$5,000,000
Construction Loan - Taxable	Banc of California	\$1,637,720*
HOME	County of Nevada	\$9,607,500
Deferred Costs	Owner	\$319,126
Deferred Developer Fee	Owner	\$2,398,000
	Total	<b>\$19,375,078</b>

\*Banc of California amounts subject to change pending final approvals

2. Sources and Uses: Permanent Financing

Source	Name of Lender	Amount
Tax Credit Financing	LIHTC	\$4,127,322
Permanent Loan – Tax Exempt A	Banc of California	\$1,900,000*
HOME	County of Nevada	\$11,041,628
WNCCRHTF	State of California	\$2,306,128
Deferred Developer Fee	Owner	\$0
	Total	<b>\$19,375,078</b>

\*Banc of California amounts subject to change pending final approvals

3. Construction Budget Detail

<b><u>New Construction</u></b>	
Site Work (hard costs)	\$450,000
Structures (hard costs)	\$12,233,728
General Requirements	\$2,821,968
Developer Fee and Contractor Overhead	\$2,398,000
Financing Costs	\$844,141
Other: (Contractor Contingency)	\$800,000
Architecture and Engineering	\$640,000
Other Soft Costs	\$1,290,083
Soft Cost Contingency	\$400,000
Reserves	\$319,126
<b>Total</b>	<b>\$19,375,078</b>

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

4. Estimated Disbursement Schedule:

Borrower must provide the County a construction closing draw request for reimbursement ten (10) weeks prior to close of escrow of construction financing, if needed. Borrower must provide the County a monthly draw request by the 10<sup>th</sup> of each month.

**EXHIBIT D. TO LOAN AGREEMENT**  
**Construction Contract Addendum**

**CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**HOME INVESTMENT PARTNERSHIPS PROGRAM CONSTRUCTION**  
**CONTRACT ADDENDUM**  
**CONTRACT 23-HOME-16301**

This Construction Contract Addendum (the "Addendum") is made and entered into on May 19, 2026, by and between Penn Valley Pacific Associates II, a California Limited Partnership, (the "Borrower"), DG Group Architecture, PLLC dba Pacific West Architecture (the "Contractor"), and the County of Nevada, a political subdivision of the State of California ("County"). The Borrower must incorporate this Addendum in the construction contract between the Borrower and Contractor, and in the subcontractors' contracts.

**RECITALS**

1. The Borrower and Contractor have entered into an AIA A102 Standard Form of Agreement Between Owner and Contractor (the "Contract") dated May 19, 2026, under which the Contractor has agreed to undertake the construction of a 31-unit construction rental project (the "Project") owned, or to be owned, by the Borrower.
2. Borrower has received a loan commitment from the County to provide construction and permanent financing for the Project utilizing HOME Investment Partnerships Program funds administered by the County (the "HOME Loan") in accordance with the terms of a Commitment Agreement, Loan Agreement, and Regulatory Agreement executed by and between the Borrower and County.
3. The County is willing to make the HOME Loan provided that, among other things, Borrower and Contractor enter into this Addendum, and Borrower and Contractor, in recognition of the mutual benefits that will be derived from the HOME Loan, have agreed to enter into this Addendum which modifies and adds to the terms of the Agreement.
4. The County further desires that it and any other Lenders (as defined below) be third party beneficiaries to the Contract (as hereinafter defined), including this Addendum.
5. The County, other Lenders and/or the Borrower may have entered into other agreements affecting the financing of the Project and specifying rights and responsibilities affecting assignment of the Project in the event of default.

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the County to make the HOME Loan, it is hereby declared, understood and agreed as follows:

- A. Definitions. As used in this Addendum, the following terms shall have the meanings specified below.
- 1) "Completion Date" shall refer to the date on which the Notice of Completion is issued by the County. This certificate shall be issued following final inspection of the Project by the County, architect, and other Lenders to verify that the Project is complete, including any and all final punch-list items.
  - 2) "Construction" or "construction" shall refer to the work being performed by Contractor pursuant to the Agreement, whether such work is for the new construction or performance of rehabilitation work.
  - 3) "Construction Lenders" shall refer to all entities that are providing financing to the Project including, particularly, the County.
  - 4) "HOME Closing" shall refer to the closing escrow, held prior to the start of any construction on site, at which construction financing and other Project-related documents are signed.
  - 5) "Lenders" shall refer to all entities that are providing construction or permanent financing to the Project.
  - 6) "Loan Documents" shall refer to all agreements entered into by the Borrower relative to the provision to the Borrower of construction or permanent financing for the Project.
  - 7) "Plans and Specifications" shall refer to the final plans and specifications that are approved at or before the HOME Closing by the Contractor, Borrower, County, the Borrower's Architect, and other Lenders requiring such approval.
- B. Order of Precedence of the Contract Documents. The following listed documents constitute the entire contract between the parties for the construction of the Project and are collectively referred to herein as the "Contract" or "the Construction Contract". In any interpretation of the terms or provisions of this Contract, or in the case of any inconsistency or conflict in such terms or provisions, the following documents shall be construed to govern

the interpretation or inconsistency by giving precedence to the effect of the terms and provisions of such documents in the following order of priority:

- 1) This Addendum.
- 2) The Plans and Specifications.
- 3) The Standard Form of Agreement Between Owner and Architect, AIA Document B101.
- 4) The Standard Form of Agreement Between Owner and Contractor, AIA Document A102.
- 5) The General Conditions of the Contract for Construction, AIA Document A201.

C. Change Orders.

- 1) All changes in the approved Plans and Specifications or the approved Scope and Distribution of Work (“Change Orders”) that require the consent of the senior lender, also require the prior written consent of the County. Change Orders must be submitted on a form acceptable to the County, signed by the Borrower and its general contractor and such other parties as may be required by the County, Contractor's surety, or other entity with authority to approve Change Orders. Change Orders must be accompanied by working drawings, an itemized cost statement, a written narrative of the proposed change and the reasons therefore, and such supporting documentation as the County may reasonably require. Any Change Orders not responded to by the County within 10 days of written notice to the County by Borrower shall be deemed approved. Borrower acknowledges that this review and approval process may result in delay.
- 2) Change Orders requesting cost increases shall be approved only to the extent that they reflect approved changes in the scope of work or the Plans and Specifications. Cost changes arising from unanticipated increased cost of supplies, material, labor, equipment, or subcontracting, and not reflecting a change in the scope of work or the Plans and Specifications will not be approved by the County.
- 3) Change Orders which result in an approved cost increase may include a percentage increment for Contractor's profit and general overhead. The percentage shall be limited to the percent specified in the Agreement for

Contractor's profit and general overhead and it may be applied only to approved costs for supplies, material, labor, equipment, and subcontracting. The combined amount of overhead and profit for both Contractor and any subcontractor shall not exceed a total of twenty percent (20%).

- D. Compensation of the Contractor. Compensation to the Contractor for completing the terms of this Addendum shall be included as part of the compensation specified in the Agreement.
- E. Time for Performance. The Contractor must commence the work to be performed under this Agreement no later than thirty (30) days after the Borrower issues it a Notice to Proceed. The Contractor must follow the construction schedule in Exhibit B, which is made a part of this Agreement. The construction schedule must have a date for the completion of the Project no later than twenty-four (24) months following the closing of the HOME Loan. This date may not be extended without the express written approval of the County. Immediately after the Project's completion, the Borrower must file, or cause to be filed, a Notice of Completion. The project is not considered complete until a notice of completion is issued by the County, following final inspection and approval.
- F. Delay. The Contractor shall promptly notify both the Borrower and the County in writing of any event causing delay or interruption of construction, or the timely completion of construction. The notice shall specify the particular work delayed and the cause and period of each delay.
- G. Preconstruction Conference. Contractor and Borrower agree to attend a preconstruction conference with representatives of the County, prior to the commencement of construction to discuss HOME Program construction requirements and other matters relating to the construction of the Project. The County may choose to waive this conference. The conference will include the following, but not limited to:
  - 1) All construction details;
  - 2) Time frame of Project;
  - 3) Project supervision;
  - 4) Coordination with County officials;
  - 5) On-site inspections;

- 6) Progress schedules and reports;
- 7) Payrolls, payments to Contractors;
- 8) Contract change orders;
- 9) All Bonds and Certificate of Insurance Requirements;
- 10) Safety;
- 11) Federal labor requirements:
  - a) Federal Labor Standards;
  - b) Contract Work Hours and Safety Standards Act – Overtime Compensation;
  - c) Contractors must submit certified copies of weekly payrolls to the assigned Project manager for verification that appropriate wage rates were paid;
  - d) Section 3 requirements: Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons;
  - e) Prior to progress payments being made the labor compliance coordinator will review all such payrolls upon receipt, sign and date the payroll following verification, and maintain such payrolls on file for review and monitoring purposes;
  - f) The process of withholding progress payments;
  - g) How disputes Concerning Labor Standards will be resolved;
  - h) Compliance with Copland Act (Anti-Kickback) regulations; and

- i) Required Construction Contract Addendum in the subcontractors contracts;
  - 12) The construction sign posting requirements;
  - 13) Other items pertinent to the Project (e.g., State Prevailing Wage requirements);
  - 14) Monthly Status Reports (Department form);
  - 15) Minutes of the preconstruction conference that document the discussion of federal regulations must be maintained in the Project files;
  - 16) Permanent Financing preparation;
  - 17) Project closeout report; and
  - 18) Professional pictures of the completed Project.
- H. Notice to Proceed. The Contractor shall not commence work until the Borrower has issued a Notice to Proceed. The Borrower shall not issue a Notice to Proceed until so authorized by the County which shall be no sooner than the execution of all Loan Documents and all other Project-related documents by all authorized parties at the HOME Closing. The County may elect to waive its right to this authorization.
- I. Contractor's Assurance of Completion. The Contractor shall provide security to assure completion of the Project by furnishing the Borrower and Construction Lenders with Performance and Payment Bonds, or a Letter of Credit, which shall remain in effect during the entire term of the Contract, and which shall be in a form and from an issuer which is acceptable to the Borrower, Construction Lenders, and County. The Performance Bond shall be in an amount at least equal to one hundred percent (100%) of the approved construction costs included in the Contract to provide security for the faithful performance of the contract including a warranty period of at least 12 months after completion. The Payment Bond shall be in an amount at least equal to one hundred percent (100%) of the approved construction costs included in the Contract to provide security for the payment of all persons performing labor on the Project and furnishing materials in connection with the Contract. If a Letter of Credit is used, it shall be in an amount equal to at least 20% of the approved construction costs included in the Contract. The County and all other Lenders shall be named as additional obligees in the Bonds or Letter of Credit.

J. Contractor's Warranty. The Contractor warrants that:

- 1) The construction cost set forth in the Contract provides that construction of the Project will be in accordance with the Plans and Specifications;
- 2) The Project will be constructed in accordance with the Plans and Specifications and Contractor agrees to make, free of additional charge, any alterations necessary to provide compliance with the Plans and Specifications, as qualified in the Contract; and
- 3) The Project will be constructed free of defects and agrees to repair, free of charge, any defects from construction performed under this Contract which arise in the first year following the Completion Date. The Contractor shall provide security for this warranty in the form of a Performance Bond as discussed in paragraph 9 above or in the form of a Completion Assurance Agreement, approved by the County and entered into by the Contractor, Borrower and County.
- 4) Borrower shall require the Project architect, engineer, and/or local building County to certify that the Plans and Specifications comply with all applicable local, state and federal laws, regulations, building codes and standards and the housing quality standards, including the federal NHTF property standards for new construction projects at 24 CFR 93.301(a), which are attached hereto and made a part hereof (collectively referred to hereafter as the "Building Standards"). In addition:
- 5) Borrower hereby covenants that the Project will be constructed in accordance with the Building Standards now or hereafter shall be maintained in accordance with 24 CFR 93.301(e) and agrees to make any alterations necessary to bring the Project into compliance with the Building Standards.

K. Purchase of Materials Under Title Retention Agreement. Neither the Borrower nor Contractor shall purchase or install or permit to be purchased or installed any materials, equipment, fixtures, or other part of the Project under any agreements or arrangements wherein the supplier or seller reserves or purports to reserve a lien or security interest, or the right to remove or to repossess any such items or to consider them personal property after their incorporation into the Project, unless authorized in writing by the County.

L. Material Warranties. The Contractor shall deliver to the Borrower all Project

warranty documents, including warranties on appliances and on building components (such as roof and siding) etc. The Borrower shall furnish copies of all said documents along with all service manuals and operating instructions to the County prior to the issuance of the County's Certificate of Completion.

M. Right of Entry and Inspection.

- 1) At all times during the term of this Contract, the Lenders and their agents shall have the right of entry and free access to the Project and the right to inspect all work done and materials, equipment and fixtures furnished, installed, or stored in or about the Project and all Project records related to performance of the terms of this Contract. Based on the findings during any inspection, the County may issue Correction Notices, or Stop Work Orders. In all cases, the Contractor shall correct any items noted in the Correction Notice or Stop Work Order, and request a reinspection, prior to proceeding to the next phase of work. The Contractor shall bear full responsibility for removing/replacing any work necessary to bring the Project into compliance with the Plans and Specifications. The Borrower shall reserve the right to halt future payments to the Contractor pending such corrections.
- 2) The County shall not have any affirmative duty to make any such inspection and shall not incur any liability for failing to do so. Once having undertaken any such inspection, the County shall not incur any liability for failing to do so properly or for failing to complete the same. The fact that such inspection may or may not have been made by the County shall not relieve the Borrower or the Contractor of any obligation that they may otherwise have to inspect the Project.

M. Agreement to Make Payments. The Contractor agrees to pay all amounts when due for labor, work performed under subcontract, or materials, supplies and equipment provided to the Project.

O. Insurance. The Contractor shall carry insurance, approved by the County, during the construction phase to include:

- 1) Comprehensive General Liability Insurance at a minimum of \$1 million per occurrence, including: premises/operation, products/completed operations hazard, contractual insurance, independent contractor's protection, personal injury, and broad form property damage;
- 2) Comprehensive Automotive Liability, including bodily injury at a minimum of \$1 million per occurrence and per person and property damage at \$1

million;

- 3) Worker's Compensation and Employer's Liability Insurance to the extent required by State Law;
- 4) Builder's Risk Insurance to be carried by Borrower -- All Risk Builder's 100% Completed Value Non-Reporting Form;
- 5) The General Contractor as the Named Insured;
- 6) The Borrower and the County and its officers, agents, employees and servants as Additional Insureds;
- 7) The County named as loss payee through the standard Lender's Loss Payee Endorsement Form;
- 8) A clause requiring that the County be notified 30 days prior to cancellation or lapse of coverage of the insurance policy;
- 9) The County named as Certificate Holder on the insurance certificates with valid policy numbers, effective dates and signed by an authorized representative as follows:

Nevada County  
950 Maidu Avenue  
Nevada City, CA 95959  
Re: (Contract # 23-HOME-16301)

- 10) A clause requiring that The County be notified prior to the Contractor making a claim;
- 11) The same evidence of insurance for the subcontractors as indicated above except that Builder's Risk need not be provided, the Borrower and the County do not need to be named as additional insured and the minimum amount of coverage must be \$500,000.
- 12) Following the completion of the Project and execution of the Certificate of Occupancy by the local jurisdiction, the Borrower must comply with the County's insurance requirements for ongoing operation of the Project during the term of the Regulatory Agreement.

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

P. Subcontracting.

- 1) Contractor must not subcontract any of the work to be performed hereunder without the prior written consent of the Borrower and Lenders.
- 2) Contractor must subcontract only with subcontractors that are licensed and in good standing in California and are not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.
- 3) Contractor must include in any subcontract, provisions requiring the subcontractor to:
  - a) perform work in accordance with the Building Standards;
  - b) to comply with Paragraph 19 of this Addendum;
  - c) comply with the applicable Nondiscrimination and Equal Opportunity Requirements described in Paragraph 20 hereof;
  - d) maintain at least the minimum state-required Workers' Compensation Insurance for those employees who will perform work under the subcontract; and
  - e) maintain, if so required by law, unemployment insurance, disability insurance, and liability insurance in an amount to be determined by the County which is reasonable to compensate any person, firm, or corporation who may be injured or damaged by the contractor or any subcontractor in performing the work under the subcontract or any part of it.

Q. Hazardous Materials. Where studies have disclosed the presence of hazardous materials, the Contractor must be required to remove or abate those hazardous materials in a manner consistent with the plan prepared for this purpose and included in the Plans and Specifications. In addition, the Contractor must be required to notify the Borrower, and appropriate governmental authorities, of the discovery of any hazardous materials found on the site during construction work within 24 hours after discovery. All work on affected areas shall be ceased immediately, and not resumed unless done in accordance with all applicable occupational, health and safety standards.

R. Nondiscrimination and Equal Employment Opportunity.

- 1) Contractor must not unlawfully discriminate, harass, or allow harassment

against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition (including HIV and AIDS), genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, abortion decision-making, military or veteran status or denial of family care leave. Contractor must ensure that the evaluation and treatment of its employees and applicants for employment are free of such discrimination and harassment. Contractor shall also comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900, et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000, et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12900 (a-f), set forth in Chapter 5 of Division 4.1 of Title 2 of the California Code of Regulations are incorporated into this Addendum by reference and made a part hereof as if set forth in full. Contractor must give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

- 2) Contractor must provide an equal opportunity for employment to all persons regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation as required by Title VI of the Civil Rights Act of 1964, the Fair Housing Act (42 USC 3601-20) and all implementing regulations, and the Age Discrimination Act of 1975, and all implementing regulations, and the Fair Housing Amendments Act of 1988 (42 USC 3601-19) and implementing regulations.
- 3) Contractor must include in every subcontract for construction exceeding \$10,000, The Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity (federal Executive Order 11246), including the Standard Equal Employment Opportunity Construction Contract Specifications.
- 4) Contractor must include the nondiscrimination and compliance provisions of subparagraphs (a), (b) and (c) of this Paragraph 18 in all subcontracts to perform work under the Agreement.

S. Labor Standards. Contractor agrees to comply with state prevailing wage law, as set forth in Labor Code Section 1720, et seq., when required as a result of the use of County funds for construction financing or for other reasons. Contractor must comply with all applicable provisions of the Prevailing Wage

Payment Plan prepared by Borrower and approved by the County.

- T. Hold Harmless. The Contractor and Borrower must indemnify, defend and save harmless the County, its officers, agents and employees from any and all claims and losses accruing or resulting from any and all contractors, subcontractors, material suppliers, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the construction of the Project and from any claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Contractor in the performance of the construction.
- U. Assignment.
- 1) No part of this Contract or any obligations hereunder may be assigned by the Contractor without the prior written consent of all Lenders and the Borrower except as provided herein.
  - 2) The Borrower hereby expressly assigns to the County the right to exercise any and all of the Borrower's rights and remedies pursuant to this Contract. The Contractor understands that this Assignment provides that the County may undertake the completion of the Project and the Contractor agrees to perform the work required under this Contract if the Borrower defaults and the Construction Lender or County undertakes to cause such work to be performed.
  - 3) The Contractor hereby expressly assigns all construction warranties of the Contractor on the Project to the Construction Lenders. The Borrower hereby consents to this Assignment.
  - 4) The Assignments included in this Agreement must become effective upon the Borrower's default under any of the Loan Documents and notice thereof by the County to the Borrower. Until such notice, the Borrower remains liable for and must fulfill all its covenants, terms, conditions, agreements and obligations under this Contract and related documents. Failure of the County to exercise its rights pursuant to these Assignments in the Event of Default by the Borrower is not a waiver of such rights.
- V. Remedies. In the event of the failure of any of the parties hereto to honor the rights of the County as provided in this Contract, the County has, in addition to any other remedy provided for in law or in equity, the right to cancel the loan commitment made to the Borrower for the Project.

- W. Attorneys' Fees. In any action to enforce this Agreement, the prevailing party is entitled to an award of such reasonable attorney's fees, expenses and costs as may be fixed by the court.
- X. Amendments. This Agreement must not be amended without the written agreement of the parties hereto.
- Y. Third Party Beneficiaries. Borrower and Contractor agree that all Lenders on the Project, including the County, must be and remain third party beneficiaries to the Contract.
- Z. Notice. Notices and other communications required by this Addendum must 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:

County of Nevada:  
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Nevada County  
950 Maidu Avenue  
Nevada City, CA 95959

To Borrower: Penn Valley Pacific Associates II  
c/o Pacific West Communities, Inc.  
430 E. State Street, Suite 100  
Eagle, ID 83616  
Attn: Caleb Roope

To Contractor: Pacific West Architecture

These addresses may be changed by a notice given in the same manner. Notices shall be effective on receipt.

**[The remainder of this page has been intentionally left blank.]**

IN WITNESS WHEREOF, the parties hereto have executed this Addendum and it shall be effective on the date first set forth above.

**BORROWER:**

**PENN VALLEY PACIFIC ASSOCIATES II, A CALIFORNIA LIMITED PARTNERSHIP**

By: TPC HOLDINGS IX, LLC,  
an Idaho limited liability company  
Its: Administrative General Partner

By: Pacific West Communities, Inc.,  
an Idaho corporation  
Its: Manager

By: \_\_\_\_\_  
Caleb Roope, President and CEO

By: LONE OAK II-BBP, LLC,  
a California limited liability company  
Its: Managing General Partner

By: Building Better Partnerships, Inc.,  
a California Nonprofit Public Benefit Corporation  
Its: Manager

By: \_\_\_\_\_  
Gustavo Becerra, President

**[Signatures must be acknowledged.]**

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

STATE OF \_\_\_\_\_ )

: ss.

COUNTY OF \_\_\_\_\_ )

On the \_\_\_\_ day of \_\_\_\_\_, 2026, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same.

IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

\_\_\_\_\_

Notary Public for California

Residing at \_\_\_\_\_

Commission Expires: \_\_\_\_\_

(SEAL)

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

**CONTRACTOR:**

**DG Group Architecture, PLLC dba Pacific West Architecture**  
430 E. State Street, Suite 100  
Eagle, ID 83616

By: \_\_\_\_\_

Douglas L. Gibson

**[Signatures must be acknowledged.]**

County Loan Agreement  
Preparation Date: 3/31/2026  
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: ss.

COUNTY OF \_\_\_\_\_ )

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IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

\_\_\_\_\_

Notary Public for California

Residing at \_\_\_\_\_

Commission Expires: \_\_\_\_\_

(SEAL)

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

**COUNTY:**

**County of Nevada**

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

950 Maidu Avenue, Suite 120

Nevada City, CA 95959

By:

\_\_\_\_\_  
Ryan Gruver, Health and Human Service Agency Director

**[Signatures must be acknowledged.]**

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
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IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

\_\_\_\_\_

Notary Public for California

Residing at \_\_\_\_\_

Commission Expires: \_\_\_\_\_

(SEAL)

County Loan Agreement  
Preparation Date: 3/31/2026  
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Assessor's Identification Number: 051-151-065  
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**Attachments:** Construction Work Schedule, Detailed Construction Cost Estimate and Housing Quality Standards

County Loan Agreement  
Preparation Date: 3/31/2026  
Development: Lone Oaks Senior Apartments II  
Assessor's Identification Number: 051-151-065  
Contract No.: 23-HOME-16301

**CONSTRUCTION COST BREAKDOWN**

Lone Oak Senior Apts. II

Penn Valley, CA

Rev. 3/19/26

TRADE ITEM #	DESCRIPTION	PER SQ. FT.	PER UNIT	BUDGETED AMOUNT	TOTALS
<b>SITE</b>					
1	Earth Work	20.89	22,500	697,500	
2	Site Utilities - Wet	15.09	16,250	503,750	
3	Site Utilities - Dry	11.38	12,250	379,750	
4	Site Concrete	6.50	7,000	217,000	
5	Roads & Parking	11.14	12,000	372,000	2,170,000
<b>BUILDING</b>					
6	Building - Concrete	16.25	17,500	542,500	
7	Rough Carpentry	81.25	87,500	2,712,500	
8	Siding	11.25	12,116	375,600	
9	Stucco	10.00	10,768	333,800	
10	Finish Carpentry	3.12	3,365	104,300	
11	Insulation	2.69	2,894	89,700	
12	Roofing	3.12	3,365	104,300	
13	Sheet Metal / Stairs	26.96	29,032	900,000	
14	Doors & Hardware	3.25	3,500	108,500	
15	Windows	1.90	2,045	63,400	
16	Mirrors	0.37	403	12,500	
17	Drywall	15.00	16,155	500,800	
18	Gypcrete/Underlayment	0.44	471	14,600	
19	Painting/Decoration	5.00	5,384	166,900	
20	Specialties	0.19	203	6,300	
21	Cabinets	2.19	2,355	73,000	
22	Countertops	0.58	625	19,375	
23	Appliances	1.74	1,875	58,125	
24	Blinds and Shades	0.31	335	10,400	
25	Floor Covering	1.88	2,019	62,600	
26	Special Construction - Solar	4.64	5,000	155,000	
27	Elevators/Bridges	8.99	9,677	300,000	
28	Plumbing	16.25	17,500	542,500	
29	Fire Sprinklers	6.50	7,000	217,000	
30	Heating and Air Conditioning	12.77	13,750	426,250	
31	Electrical	13.93	15,000	465,000	8,364,950
<b>SITE COMPLETION</b>					
32	On-Site Improvements	9.56	10,292	319,038	
33	Landscaping	6.87	7,403	229,500	
34	Off-Sites / Commercial Space	4.10	4,419	137,000	685,538
	<b>Total Direct Costs</b>	<b>336.10</b>	<b>361,951</b>		<b>11,220,488</b>
<b>INDIRECT COSTS</b>					
35	General Requirements	20.17	21,717	673,229	
36	Prevailing Wages (Included above)	-	-	-	
37	General Overhead	7.13	7,673	237,874	
38	Builder's Profit	21.38	23,020	713,623	
39	Contingency	23.96	25,806	800,000	
	<b>Total Indirect Costs</b>	<b>72.63</b>	<b>78,216</b>		<b>2,424,726</b>
<b>TOTAL CONSTRUCTION COSTS</b>		<b>408.74</b>	<b>440,167</b>		<b>13,645,214</b>

County Loan Agreement  
 Preparation Date: 3/31/2026  
 Development: Lone Oaks Senior Apartments II  
 Assessor's Identification Number: 051-151-065  
 Contract No.: 23-HOME-16301

## Housing Quality Standards Inspection Checklist- SAMPLE

Major Areas of Unit		Questions to Ask	Yes or No	Repairs Needed
Mechanical Items	Electricity	1. Do all fixtures and outlets work (at least 2 outlets/room or one outlet and one light fixture/room)?		
		2. Is there lighting in the common hallways and porches?		
		3. Are all outlets, light switches and fuse boxes properly covered with no cracks or breaks in the cover plates/doors?		
		4. Are light/electrical fixtures securely fastened without any hanging or exposed wires (anywhere the tenant has access)?		
		5. Have you arranged for all utilities to be on the day of the inspection?		
	HVAC	6. Is there adequate heat in all living spaces?		
Plumbing	Bathroom	7. Is toilet securely fastened with no leaks or gaps? Does it flush properly?		
		8. Sink - Is there hot and cold running water, proper drainage and no leaks?		
		9. Bathtub/shower - Is there hot and cold running water, proper drainage and no leaks?		
		10. Is bathroom vented with either an exterior window or exhaust fan?		
	Kitchen	11. Sink - Is there hot and cold running water, proper drainage and no leaks?		
		12. Stove - Is there a hand-operated gas shut-off valve?		
	Other	13. Does hot water tank work?		
		14. Does hot water tank have an extension pipe?		
		15. Do radiators function with no leaks?		
		16. Is bathroom free of any sewer odor or drainage problem?		
Interior of Unit	Wall Condition	17. Are walls free of air and moisture leaks? Large holes and cracks?		
	Ceiling Condition	18. Are ceilings free of air and moisture leaks? Large holes and cracks?		
	Floor Condition	19. Are floors free of weak spots or missing floorboards?		
		20. Are floors free of tripping hazards from loose flooring or covering?		
	Cabinetry/ Interior Doors	21. Are cabinets securely fastened to the wall?		
		22. Is there space for food preparation and storage?		
		23. Are all doors securely hung?		
		24. Is there free and clear access to all exits?		
	Security	25. Are there deadbolt locks on entry doors to the unit? Do they open with a key from the outside and a knob/latch from the inside?		
		26. Are entrance and exit solid core doors?		
		27. Do first floor windows and those opening to a stairway, fire escape or landing have locks?		
	Health and Safety	28. Is there at least one battery-operated CO detector present and functioning within 15 feet of every room used for sleeping and every source of carbon monoxide, including furnaces and boilers?		
		29. Is there a working smoke detector on each level of the unit?		
		30. Are smoke detectors installed on walls at least 4" and not more than 12" from ceiling? Are smoke detectors installed on ceilings at least 4" from the wall? Are smoke detectors installed within 15 ft. of and inside of each sleeping area?		
		31. Is unit free of any evidence of insect or rodent infestation?		
		32. Is unit free of any evidence of mold or mildew?		

County Loan Agreement  
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Housing Quality Standards Self-Inspection Checklist – Page 2 of 2

Major Areas of Unit		Questions to Ask	Yes or No	Repairs Needed
Interior of Unit	Appliances	33. Do all burners on the stovetop ignite, does the oven work and are all knobs present?		
		34. Does refrigerator/freezer cool properly?		
		35. Is refrigerator/freezer large enough for the family occupying the unit?		
Exterior of Unit	Windows	36. Is there at least one exterior window in each bedroom and in the living room?		
		37. Do windows open, close and lock properly?		
		38. Is unit free of any cracked, broken or leaky windows?		
	Other	39. Is roof free of leaks?		
		40. Are gutters firmly attached?		
		41. Are exterior surfaces in a condition to prevent moisture leakage and rodent infestation?		
		42. Is chimney secure? Is flue tightly sealed with no gaps?		
		43. Is foundation sound?		
Common Areas	Stairways: Interior and Exterior	44. Are openings around doors and windows weather-tight?		
		45. Are sidewalks free of tripping hazards?		
		46. Are all handrails properly secured?		
		47. Is a handrail present when there are 4 or more consecutive steps?		
		48. Are stairs free of any loose, broken or missing steps?		
		49. Are stairways free of any tripping hazards?		
General		50. Are there proper exit signs?		
		51. Are there secure railings on porches, balconies and landings 30" high or higher?		
		52. Is unit free of debris inside and outside of unit?		
		53. INTERIOR AND EXTERIOR of units rented to families with children under the age of six: is unit free of any chipping, peeling, flaking, chalking or cracking painted surfaces, including windows, window wells, door frames, walls, ceilings, porches, garages, fences or play equipment?		
		54. Are there covered receptacles for disposal of waste?		
		55. Is unit clean and ready for move in?		

*Disclaimer: The criteria listed above is provided as a generalized checklist to determine if a unit is rent ready for Housing Choice Voucher Program Participants. This checklist is to be used as guide only as other items not listed may cause the unit to fail an HQS inspection. In addition, all city, county and state codes must be followed. For multi-unit properties and cooperatives, common areas are the responsibility of the Property Owner/Manager.*

Notes:

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**EXHIBIT E. TO LOAN AGREEMENT**  
**Insurance Requirements**

**Submit a certificate of insurance (or other evidence) that acknowledges the County's security interest and has appropriate coverage in force for property and liability exposures as follows:**

**1. GENERAL REQUIREMENTS:**

A. Copy of its commercial general liability policy and its excess policy or binder until such time as a policy is available, including the declarations page, applicable endorsements, riders, and other modifications in effect at the time of contract execution. Standard ISO form No. CG 0001 or similar exclusions are allowed if not inconsistent with Section 2, "Indemnification and Insurance." Allowance of additional exclusions is at the discretion of the County.

B. Certificate of insurance showing all other required coverages. Certificates of insurance, as evidence of required insurance for the auto liability and any other required policy, must set forth deductible amounts applicable to each policy and all exclusions that are added by endorsement to each policy. The evidence of insurance must provide that no cancellation, lapse, or reduction of coverage will occur without 10 days prior written notice to the County.

C. A declaration under the penalty of perjury by a certified public accountant certifying the accountant has applied Generally Accepted Accounting Principles (GAAP) guidelines confirming the Recipient has sufficient funds and resources to cover any self-insured retentions if the self-insured retention is \$50,000 or higher.

If the Recipient uses any form of self-insurance for workers compensation in lieu of an insurance policy, it must submit a certificate of consent to self-insure in accordance with the provisions of Section 3700 of the Labor Code.

**2. INDEMNIFICATION AND INSURANCE:**

The Contractor's obligations regarding indemnification of the County, and the requirements for insurance shall conform to the provisions in Section 2(a), "Indemnification," and Section 2(b), "Insurance," of Section 2.

**A. INDEMNIFICATION:**

- 1) The Contractor must defend, indemnify, and save harmless the County, including its officers, employees, and agents (excluding agents who are design

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professionals) from any and all claims, demands, causes of action, damages, costs, expenses, actual attorneys' fees, losses or liabilities, in law or in equity arising out of or in connection with the Contractor's performance of this contract for:

- 2) Bodily injury including, but not limited to, bodily injury, sickness or disease, emotional injury, or death to persons, including, but not limited to, the public, any employees or agents of the Contractor, the County, or any other contractor; and
- 3) Damage to property of anyone including loss of use thereof; caused or alleged to be caused in whole or in part by any negligent or otherwise legally actionable act or omission of the Contractor or anyone directly or indirectly employed by the Contractor or anyone for whose acts the Contractor may be liable.
- 4) Except as otherwise provided by law, these requirements apply regardless of the existence or degree of fault of the County. The Contractor is not obligated to indemnify the County for claims arising from conduct delineated in Civil Code Section 2782 or for claims arising from any defective or substandard condition of the highway that existed at or before the start of work, unless this condition has been changed by the work or the scope of the work requires the Contractor to maintain existing highway facilities and the claim arises from the Contractor's failure to maintain. The Contractor's defense and indemnity obligation must extend to Claims arising after the work is completed and accepted if the claims are directly related to alleged acts or omissions by the Contractor that occurred during the course of the work. County inspection is not a waiver of full compliance with these requirements.
- 5) The Contractor's obligation to defend and indemnify must not be excused because of the Contractor's inability to evaluate liability or because the Contractor evaluates liability and determines that the Contractor is not liable. The Contractor must respond within 30 days to the tender of any claim for defense and indemnity by the County, unless this time has been extended by the County. If the Contractor fails to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, the County may withhold such funds the County reasonably considers necessary for its defense and indemnity until disposition has been made of the claim or until the Contractor accepts or rejects the tender of defense, whichever occurs first.
- 6) With respect to third-party claims against the Contractor, the Contractor waives all rights of any type to express or implied indemnity against the County, its officers, employees, or agents (excluding agents who are design

professionals).

- 7) Nothing in the Contract is intended to establish a standard of care owed to any member of the public or to extend to the public the status of a third-party beneficiary for any of these indemnification specifications.

**B. INSURANCE:**

Nothing in the contract is intended to establish a standard of care owed to any member of the public or to extend to the public the status of a third-party beneficiary for any of these insurance specifications.

**C. CASUALTY INSURANCE:**

- 1) The Contractor must procure and maintain insurance on all of its operations with companies acceptable to the County as follows:
  - a) The Contractor must keep all insurance in full force and effect from the beginning of the work through contract acceptance.
  - b) All insurance must be with an insurance company with a rating from A.M. Best Financial Strength Rating of A- or better and a Financial Size Category of VII or better.
  - c) The Contractor must maintain completed operations coverage with a carrier acceptable to the County through the expiration of the patent deficiency in construction statute of repose set forth in Code of Civil Procedure Section 337.1.

**D. WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE**

1. In accordance with Labor Code Section 1860, the Contractor must secure the payment of worker's compensation in accordance with Labor Code Section 3700.
2. In accordance with Labor Code Section 1861, the Contractor must submit to the County the following certification before performing the work:
  - a) I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before

commencing the performance of the work of this contract.

3. Contract execution constitutes certification submittal.
4. The Contractor shall provide Employer's Liability Insurance in amounts not less than:
  - a) \$1,000,000 for each accident for bodily injury by accident
  - b) \$1,000,000 policy limit for bodily injury by disease
  - c) \$1,000,000 for each employee for bodily injury by disease
5. If there is an exposure of injury to the Contractor's employees under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage must be included for such injuries or claims.

**E. GENERAL LIABILITY INSURANCE:**

1. The Contractor must carry General Liability and Umbrella or Excess Liability Insurance covering all operations by or on behalf of the Contractor providing insurance for bodily injury liability and property damage liability for the following limits and including coverage for:
  - a) Premises, operations, and mobile equipment;
  - b) Products and completed operations;
  - c) Broad form property damage (including completed operations);
  - d) Explosion, collapse, and underground hazards;
  - e) Personal injury; and
  - f) Contractual liability.
2. The Contractor must not require certified Small Business subcontractors to carry Liability Insurance that exceeds the limits in Section 2(f)(1), "Liability Limits/Additional Insureds," of these specifications. The maximum required Liability Insurance limits in Section 2(f)(1), "Liability Limits/Additional Insureds," of these specifications shall apply to certified Small Business subcontractors for work performed on the project, regardless of tier. The provisions of

Section 2(f)(1), "Liability Limits/Additional Insureds," must be included in all subcontracts for all tiers.

F. LIABILITY LIMITS/ADDITIONAL INSUREDS:

1. The limits of liability shall be at least the amounts shown in the following table:

For Each Occurrence <sup>1</sup>	Aggregate for Products/ Completed Operation	General Aggregate <sup>2</sup>	Umbrella or Excess Liability <sup>3</sup>
\$1,000,000	\$2,000,000	\$2,000,000	\$5,000,000
1. Combined single limit for bodily injury and property damage. 2. This limit will apply separately to the Contractor's work under this contract. 3. The umbrella or excess policy must contain a clause stating that it takes effect (drops down) in the event the primary limits are impaired or exhausted.			

2. The County, including its officers, directors, agents (excluding agents who are design professionals), and employees, must be named as additional insureds under the General Liability and Umbrella Liability Policies with respect to liability arising out of or connected with work or operations performed by or on behalf of the Contractor under this contract. Coverage for such additional insureds does not extend to liability:

- a) Arising from any defective or substandard condition of the roadway which existed at or before the time the Contractor started work, unless such condition has been changed by the work or the scope of the work requires the Contractor to maintain existing roadway facilities and the claim arises from the Contractor's failure to maintain;
- b) For claims occurring after the work is completed and accepted unless these claims are directly related to alleged acts or omissions of the Contractor that occurred during the course of the work; or
- c) To the extent prohibited by Insurance Code Section 11580.04.

3. Additional insured coverage must be provided by a policy provision or by an endorsement providing coverage at least as broad as Additional Insured (Form B) endorsement form CG 2010, as published by the Insurance Services Office (ISO), or other form designated by the County.

**G. CONTRACTOR'S INSURANCE POLICY IS PRIMARY:**

The policy must stipulate that the insurance afforded the additional insureds applies as primary insurance. Any other insurance or self insurance maintained by the County is excess only and must not be called upon to contribute with this insurance.

**H. AUTOMOBILE LIABILITY INSURANCE:**

The Contractor must carry automobile liability insurance, including coverage for all owned, hired, and non-owned automobiles. The primary limits of liability must be not less than \$1,000,000 combined single limit each accident for bodily injury and property damage. The umbrella or excess liability coverage required under Section 2 (f)(1) also applies to automobile liability.

**I. POLICY FORMS, ENDORSEMENTS, AND CERTIFICATES:**

The Contractor must provide its General Liability Insurance under Commercial General Liability policy form No. CG0001 as published by the Insurance Services Office (ISO) or under a policy form at least as broad as policy form No. CG0001.

**J. DEDUCTIBLES:**

The County may expressly allow deductible clauses, which it does not consider excessive, overly broad, or harmful to the interests of the County. Regardless of the allowance of exclusions or deductions by the County, the Contractor is responsible for any deductible amount and must warrant that the coverage provided to the County is in accordance with Section 2(b), "Insurance."

**K. ENFORCEMENT:**

1. The County may assure the Contractor's compliance with its insurance obligations. Ten days before an insurance policy lapses or is canceled during the contract period, the Contractor must submit to the County evidence of renewal or replacement of the policy.
2. If the Contractor fails to maintain any required insurance coverage, the County may maintain this coverage and withhold or charge the expense to the Contractor or terminate the Contractor's control of the work.
3. The Contractor is not relieved of its duties and responsibilities to indemnify, defend, and hold harmless the County, its officers, agents, and employees by the County's acceptance of insurance policies and certificates.
4. Minimum insurance coverage amounts do not relieve the Contractor for liability in excess of such coverage, nor do they preclude the County from

taking other actions available to it, including the withholding of funds under this contract.

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**EXHIBIT F. TO LOAN AGREEMENT  
SENIOR REGULATORY AGREEMENT**

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**EXHIBIT G. TO LOAN AGREEMENT  
JUNIOR REGULATORY AGREEMENT**

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**EXHIBIT H. TO LOAN AGREEMENT  
REPLACEMENT RESERVE AGREEMENT**

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**EXHIBIT I. TO LOAN AGREEMENT  
DEED OF TRUST**

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**EXHIBIT J. TO LOAN AGREEMENT  
PROMISSORY NOTE**

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