

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

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

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

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

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

RECITALS

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

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

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

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

ARTICLE 1. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2.
AFFORDABILITY COVENANTS

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

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

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

2.2 Allowable Rent.

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

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

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

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

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

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

2.3 Increased Income of Tenants.

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

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

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

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

2.4 Tenant Selection.

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

(b) Nondiscrimination.

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

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

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

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

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

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

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

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

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

ARTICLE 3. INCOME CERTIFICATION AND REPORTING

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

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

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

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

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

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

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

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

ARTICLE 4. OPERATION OF THE DEVELOPMENT

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

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

ARTICLE 5. PROPERTY MANAGEMENT AND MAINTENANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) broken windows;

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

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

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

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

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

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

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

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

ARTICLE 6. MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

6.8 Notices.

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

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

with a copy to:

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

Developer: Nevada City Cashin's Field, LP

With a copy to:

With a copy to:

(b) New Address; Delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt for delivery or refusal of delivery.

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

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

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

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

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

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

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

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

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

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

6.15 State Law Requirements.

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

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

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

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

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

6.18 County Approval. Whenever this Agreement calls for County approval, consent, or waiver, the written approval, consent, or waiver of the County Executive Officer, or his or her designee as designated in writing, shall constitute the approval, consent, or waiver of the County, without further authorization required from the County Council. The County hereby authorizes the County Executive Officer, or his or her designee as designated in writing, to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the County. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The County Executive Officer, or his or her designee as designated in writing, is also hereby authorized to approve, on behalf of the County, requests by the Developer for reasonable extensions of time deadlines set forth in this Agreement. The County shall not unreasonably delay in reviewing and approving or disapproving any proposal by the Developer made in connection with this Agreement.

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

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

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

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

DEVELOPER:

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

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

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

By: _____
Austin Herzog
President

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

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

By: _____
Gustavo Becerra
President

Signatures Continue on Following Page

COUNTY:

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

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM AND LEGALITY

By: _____
County Counsel

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

STATE OF CALIFORNIA)

)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____

Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

DRAFT