

TO: James App, City Manager

FROM: Ron Whisenand, Community Development Director

SUBJECT: Participation Agreement for Hidden Creek Village

DATE: April 20, 2010

NEEDS: For the Redevelopment Agency (Agency) to consider a Participation Agreement with South River Road Associates regarding the use of up to \$1 million in Low and Moderate Income Housing (LMIH) Funds to assist in the Development of Hidden Creek Village, an 81-unit apartment complex for low-income households to be located at 80 S. River Road.

Note: The Participation Agreement calls for the City Council to approve a Fee Deferral Agreement with the Agency to provide that payment of up to \$1 million in City development fees for this project may be deferred incrementally for a period of 10 years in a manner that the future value of \$100,000 in LMIH funds are transferred annually from the LMIH Fund to the appropriate City funds to pay the fees due for this project. This action will be the subject of a separate staff report.

FACTS:

1. At its meeting of May 19, 2009, the Redevelopment Agency adopted Resolution RA 09-02 to reserve up to \$1 million in LMIH Funds for assisting Hidden Creek Village. A copy of Resolution RA 09-02 is attached. On November 17, 2009, the Agency extended the reservation for an additional six months.
2. The \$1 million in LMIH funds is to be used to offset the City building and development fees for this project, which exceed \$2 million. Attached are statements of the fees for the residential buildings and the community building. This type of financial assistance for affordable housing is authorized by the Community Redevelopment Law in Health and Safety Code section 33334.2.
3. A development plan application for this project was approved by the City Council in January 2009. In February 2010, the City issued a letter stating that a building permit was "ready to issue", pending completion of items such as payment of City and school fees, providing an contractor's signature on the Legal Declaration, having the contractor obtain a business license, and providing a letter from the project engineer.
4. The "Participant" with the Redevelopment Agency is South River Road Associates, a partnership formed to develop the project. The General (and managing) Partner is the San Luis Obispo Nonprofit Housing Corp., an affiliate of the Housing Authority of the City of San Luis Obispo.
5. Attached is a letter from the Housing Authority of the City of San Luis Obispo reporting on the status of the project.
6. Attached is a Participation Agreement prepared by the City Attorney to set forth the terms of the LMIH Fund loan. It is similar to participation agreements prepared for other LMIH-assisted housing projects.
7. Because the Redevelopment Agency is only providing financial assistance to the project, the Agency is not considered to be "developing, constructing or acquiring" a "low-rent

housing project," for purposes of Article XXXIV of the California Constitution, and as those terms are defined in Health and Safety Code section 37000 *et seq.* Thus there is no requirement that this project be subject to voter approval.

8. Exhibit F of the Participation Agreement is a Fee Deferral Agreement, which provides that the fees may be deferred over 10 years. This will be discussed in the Analysis and Conclusion Section, below.
9. Attached is a status report on the estimated revenues to and commitments of the LMIH Fund.

ANALYSIS AND

CONCLUSION: The proposed project would meet an urgent need for more affordable housing. The project and the use of funds are consistent with the Housing Element, Redevelopment Implementation Plan, and the Economic Strategy.

Conditions of Assistance

Section 302 of the Participation Agreement proposes that the form of LMIH assistance be a loan, that accrues interest at three percent simple over 55 years, and which shall be paid at the end of the note period and further provided that the Project is operated in accordance with the Affordability Covenant, attached to the agreement as Exhibit I, throughout the 55 year term. Redevelopment Law requires that LMIH-assisted rental projects remain affordable for a minimum of 55 years.

Section 302 also sets forth the following conditions for the loan:

- (a) The Participant shall deliver to the Agency evidence that the Participant has equity capital or mortgage financing in an amount sufficient to pay all amounts necessary to construct the improvements on the Site other than the proceeds of the Agency Loan;
- (b) The Participant shall deliver to the Agency evidence that it has binding commitments, through its other sources, for permanent financing in an amount which, together with the Agency Loan, is sufficient to pay off Participant's construction financing;
- (c) The Participant shall deliver to the Agency evidence that the Participant is diligently proceeding with the preparation of all construction plans, drawings and related documents, and obtaining approvals of all permits and any environmental review and documentation that may be required for the development of the Project;
- (d) The Participant shall execute and deliver to the Agency the Affordable Housing Covenant, Notice of Affordability (as hereinafter defined), Promissory Note and Deed of Trust; and
- (e) The Participant shall deliver to the Agency copies of executed contracts with a contractor for the construction of the improvements on the Site, along with evidence of labor and materials bonds and performance bonds.

Fee Deferral Agreement

The purpose of the fee deferral is to allow the project to proceed before the entire requested \$1 million in LMIH assistance is available. Although the attached LMIH status report shows an expected balance of \$1.67 million in the current fiscal year, up to \$1.2 million may be borrowed to pay the Supplemental Education Revenue Augmentation Funds (SERAF) as

required by AB 26 4X this year. The constitutionality of that legislation is being challenged.

The Fee Deferral Agreement in Exhibit F of the Participation Agreement proposes that the \$1 million be paid in annual increments of \$100,000 over 10 years. However, because it is expected that City development impact fees will continue to be adjusted upwards in the next 10 years to compensate for inflation, interest on the unpaid principal amount of the deferred fees shall accrue at the rate of three percent (3%) compounded annually. At a compounded rate of 3 percent, the overall amount of LMIH Assistance, based on the future value of \$1 million in the first year would come to \$1.15 million.

REFERENCE: California Redevelopment Law; 2010 - 2014 Redevelopment Implementation Plan; Housing Element; Economic Strategy

FISCAL

IMPACT: The proposed LMIH Assistance would have no effect on the General Fund.

OPTIONS: That the Redevelopment Agency take one of the following options:

- a. Approve South River Road Associates' request and adopt Resolution No. RA 10-XX approving a Participation Agreement in conjunction with a grant of Redevelopment Low and Moderate Income Housing funds to assist the development of affordable housing by South River Road Associates and appropriating funds for said grant. This action will be subject to City Council approval of the Fee Deferral Agreement.
- b. Amend, modify, or reject the above option.

Prepared By: Ed Gallagher, City Planner

ATTACHMENTS:

1. Resolution RA 10-XX Approving a Participation Agreement
2. Participation Agreement
3. Letter from San Luis Obispo Nonprofit Housing Corp.
4. Resolution RA 09-02
5. LMIH Status Report

RESOLUTION NO. RA 10-XX

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
APPROVING AND AUTHORIZING THE EXECUTION OF A PARTICIPATION AGREEMENT WITH
SOUTH RIVER ROAD ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP
(HIDDEN CREEK VILLAGE) AND FEE DEFERRAL AGREEMENT

WHEREAS, at its meeting of January 6, 2009, the City Council of the City of El Paso de Robles (the “City Council”) approved Planned Development (PD) 08-010 authorizing the development of Hidden Creek Village, which consists of 81 apartment units for low-income families at 80 S. River Road (the “Project”); and

WHEREAS, the City of Paso Robles has determined that the cost of building permit and development impact fees for the Project would be about \$2.2 million; and

WHEREAS, South River Road Associates (the “Applicant”) has requested that the Redevelopment Agency of the City of Paso Robles (the “Agency”) lend up to \$1.0 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purpose of offsetting a portion of the City building permit and development impact fees for the Project; and said request proposes that the Agency disburse the proceeds of the loan in annual increments of \$100,000 over 10 years, and that the City Council allow for payments of the \$1.0 million portion of said building permit and development impact fees to be deferred for such period; and

WHEREAS, the Agency has provided grants of LMIH Funds to other affordable housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), and Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan and the City’s objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency’s goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) authorizes the Agency provide financial assistance for affordable housing projects within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low- and moderate income and lower-income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, the proposed Participation Agreement which sets forth the terms and conditions relating to the LMIH loan, including without limitation an Affordable Housing Covenant (the “Affordability Covenant”) to be executed by both parties and recorded against the Project; and

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The Agency hereby approves the Participation Agreement in substantially the form attached hereto as Exhibit “A,” and authorizes the Agency Executive Director to execute said Participation Agreement, subject to any

minor, technical and clarifying changes approved by the Agency Counsel, and any other documents necessary to implement the Participation Agreement.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 20th day of April, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

John Hamon, Chairman

James L. App, Agency Secretary

EXHIBIT A

PARTICIPATION AGREEMENT

[to be inserted]

PARTICIPATION AGREEMENT

BY AND BETWEEN

**THE REDEVELOPMENT AGENCY
OF THE CITY OF EL PASO DE ROBLES**

AND

**SOUTH RIVER ROAD ASSOCIATES
a California limited partnership
(HIDDEN CREEK VILLAGE)**

PARTICIPATION AGREEMENT

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EXHIBITS

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EXHIBIT B	Legal Description of the Site
EXHIBIT C	Scope of Development
EXHIBIT D	Schedule of Performance
EXHIBIT E	Form of Certificate of Completion
EXHIBIT F	Form of Fee Deferral Agreement
EXHIBIT G	Form of Promissory Note
EXHIBIT H	Form of Deed of Trust
EXHIBIT I	Form of Affordable Housing Covenant
EXHIBIT J	Form of Notice of Affordability

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (this "Agreement") is entered into as of the ____ day of _____, 20__, by and between the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic (the "Agency"), and SOUTH RIVER ROAD ASSOCIATES, a California limited partnership (the "Participant"). The Agency and the Participant agree as follows:

I. [§100] SUBJECT OF AGREEMENT

A. [§101] Purpose of this Agreement

Pursuant to Section 33334.2 of the California Health and Safety Code, the Agency has set aside twenty percent (20%) of the tax increment revenues it has received to improve and increase the supply of affordable housing in the City of El Paso de Robles ("City"). The Agency desires to use a portion of these monies to provide a loan to the Participant to assist in the development of a multi-family residential housing complex for affordable housing purposes (the "Project") upon that certain real property located within the City (the "Site").

The Project will benefit low income residents in the City. The construction of the Project by the Participant, the provision of the Agency assistance provided for hereunder, and the fulfillment generally of this Agreement, are in the best interests of the City and the welfare of its residents, and in accordance with the public purposes and provisions of applicable Federal, State and local laws and requirements.

Pursuant to Health and Safety Code Section 33490, the Agency adopted for each of its redevelopment project areas a five-year Implementation Plan (collectively, the "Implementation Plan") which included a section addressing the Agency's housing obligations and expenditures of the Housing Fund monies throughout the community for programs and projects to increase, improve and preserve the community's supply of housing affordable to low and moderate income households.

B. [§102] Parties to this Agreement

1. [§103] The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.). The principal office of the Agency is located at 1000 Spring Street, Paso Robles, California 93446. The term "Agency" shall mean any assignee or successor in interest to the Agency.

2. [§104] The Participant

The Participant is South River Road Associates, a California limited partnership. The principal address of the Participant is P. O. Box 13657, San Luis Obispo, California 93406-3657. The general partner of Participant is San Luis Obispo Nonprofit Housing Corporation, a California nonprofit public benefit corporation.

Whenever the term "Participant" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided.

The qualifications and identity of the Participant are of particular concern to the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement. Prior to the issuance of the Certificate of Completion (as hereinafter defined) for the Project, no voluntary or involuntary successor in interest of the Participant shall acquire any rights or powers under this Agreement, and the Participant shall not assign all or any part of this Agreement without the prior written approval of the Agency, which approval will not be unreasonably withheld. This Agreement may be terminated by the Agency if there is any significant change (voluntary or involuntary) in the management or control of the Participant prior to the completion of development of the Project as evidenced by the issuance of a Certificate of Completion therefor.

Notwithstanding the foregoing, the Agency hereby approves the following transfers of interest in the Participant ("Approved Transferees"): the addition of tax credit investors as limited partners; transfer to an affiliate or non-profit corporation, partnership or other entity created by Participant of which Participant or an affiliate of Participant is the sole owner or general partner; and the acquisition of a limited partner's interest in the Participant.

C. [§105] The Site; Project

The "Site" is as shown on the "Map of the Site," attached hereto as Exhibit A, and as more particularly described in the "Legal Description of the Site," attached hereto as Exhibit B. The Site consists of vacant land and is currently owned by Participant.

The "Project" shall be constructed on the Site as a two story multi-family residential housing complex consisting of approximately 67,618 square feet of living space that shall include (i) 80 apartment units, including: 22 one bedroom units, 30 two bedroom units and 28 three bedroom units, for rental to Eligible Households (as hereinafter defined) (each a "Unit"); and (ii) one two-bedroom unit dedicated to the manager of the complex, together with all appurtenant improvements required to be constructed by the Agency or City including, but not limited to, parking and landscaping improvements.

II. [§200] IMPROVEMENT OF THE SITE

A. [§201] Improvement of the Site

1. [§202] Scope of Development

The Project shall be developed on the Site pursuant to architectural, site and construction plans approved by the City, the terms of this Agreement and the "Scope of Development" attached hereto as Exhibit C, and Participant shall diligently pursue the development of the Project in accordance with this Agreement, the Scope of Development and the "Schedule of Performance" attached hereto as Exhibit D.

2. [§203] Project Financing

In addition to the Agency assistance provided for in Section 302, the Participant shall diligently pursue additional federal and/or state grants and other available financing including, but not limited, an Affordable Housing Program grant from the Federal Home Loan Bank ("AHP") and federal HOME funds ("HOME"), for the Project. The Participant shall complete all actions necessary to secure all approvals and commitments necessary to effectuate all such other sources of financing in an amount satisfactory to undertake and complete the development and construction of the Project.

Subject to the Agency assistance provided for hereunder, the cost of development and constructing all improvements on the Site shall be borne by the Participant.

3. [§204] Development Review

Within the time established in the Schedule of Performance, the Participant shall submit to the City all construction plans, drawings and related documents for the development of the Site. Participant shall obtain all approvals and permits that may be required under the City's normal plan check, development review and approval process for the construction work to be completed on the Site.

During the preparation of any drawings and plans for the development of the Site, the Agency staff and the Participant shall meet with City staff and communicate and consult informally and as frequently as is necessary to ensure that the formal submittal of any documents to the City pursuant to this Section 204 can receive prompt consideration.

The Participant shall submit for City's review copies of all contracts for the construction, engineering, architect, marketing, sales and any other technical consultants for the Project. Participant shall use its best efforts to use local contractors and consultants whenever possible. "Local" shall be defined as within the City. Agency shall have the right to review any bid process that may be employed by Participant to ensure compliance with all of the foregoing. Participant shall provide Agency with all information Agency requests regarding any such bid process.

4. [§205] Schedule of Performance

Participant shall promptly begin and thereafter diligently prosecute to completion the construction and development of all of the improvements on the Site, as provided in the Scope of Development, within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by the Agency. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Participant and the Agency. The Agency's Executive Director shall have the authority to approve, on behalf of the Agency, any such extensions of time he or she deems reasonable and appropriate.

5. [§206] Bodily Injury and Property Damage Insurance; Indemnification

During the periods of construction on the Site and until such time as the final Certificate of Completion has been issued by the Agency indicating completion of the construction work required by this Agreement, the Participant agrees to and shall indemnify, protect, defend and hold the Agency and the City harmless from and against all liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Site and which shall be caused by any acts done thereon or any errors or omissions of the Participant, or its agents, servants, employees or contractors. The Participant shall not be responsible for (and such indemnity shall not apply to) any acts, errors or omissions of the Agency or the City, or their respective agents, servants, employees or contractors. The Agency and the City shall not be responsible for any acts, errors or omissions of any person or entity except the Agency and the City and their respective agents, servants, employees or contractors.

Prior to the commencement of any work on the Site, the Participant shall furnish, or cause to be furnished, to the Agency duplicate originals or appropriate certificates of insurance evidencing commercial general liability insurance on an occurrence basis insuring against bodily injury and property damage in a combined single limit of liability per occurrence in the amount of \$1,000,000.00, general aggregate limit of \$2,000,000.00 and builder's all risk insurance in an amount not less than the full insurable value of the improvements to the Site on a replacement cost basis, naming the Agency and the City as additional insureds. Participant shall further provide evidence of automobile liability insurance on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than \$1,000,000.00 per occurrence, covering owned, non-owned and hired automobiles. Participant shall also provide evidence of worker's compensation insurance in the statutory amount required by law. Participant's contractor, and subcontractors if any, shall also submit evidence of liability insurance in the same form and amount as required by Participant.

6. [§207] City and Other Governmental Agency Permits

Prior to the commencement of construction (or any work related thereto) upon the Site, the Participant shall secure, or cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such construction.

7. [§208] Rights of Access During Construction

Representatives of the Agency and the City shall have the reasonable right of access to the Site, with reasonable notice to the Participant, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements.

8. [§209] Anti-Discrimination During Construction

The Participant, for itself and its successors and assigns, agrees that in the development and construction of improvements on the Site provided for in this Agreement, the

Participant will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, disability, ancestry or national origin.

B. [§210] Prohibition Against Transfer and Assignment of Agreement

Prior to the completion of the development and construction work to be performed on the Site and the issuance of a Certificate of Completion therefor, the Participant shall not, except as permitted by Section 104 of this Agreement, assign or attempt to assign this Agreement or any rights herein, nor make any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of the Site or the improvements thereon, without the prior written approval of the Agency. This prohibition shall not apply subsequent to the completion of the development and construction as evidenced by a Certificate of Completion. This prohibition shall not be deemed to prevent the granting of easements, dedications or permits to facilitate the construction and development of the Site. This prohibition further shall not be deemed to prevent the rental of the Units to Eligible Households, subject to the affordability and use restrictions provided for herein.

Following transfer of the Site, or any portion thereof, with the Agency's consent, Participant shall be relieved of all of its obligations hereunder with respect to such portion of the Site transferred. Any such proposed buyer, transferee, conveyee, assignee or lessee of any portion of the Site for which a Certificate of Completion has not been issued, by instrument in writing satisfactory to the Agency and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Agency, shall expressly assume all of the obligations of the Participant under this Agreement and agree to be subject to all conditions and restrictions to which the Participant is subject with respect to that portion of the Site so transferred. In the absence of specific written agreement of any proposed buyer, transferee, conveyee, assignee or lessee approved by the Agency as referred to above, no such sale, transfer, conveyance, assignment or lease, or the approval thereof by the Agency, shall be deemed to relieve the Participant or transferees, or any other party, from any obligations under this Agreement.

C. [§211] Security Financing; Rights of Holders

1. [§212] Holder Not Obligated to Construct

The holder of any mortgage, deed of trust or other security interest providing construction financing for the Project shall in no way be obligated by the provisions of this Agreement to develop or construct, or complete development or construction of, the improvements, or to guarantee such development or construction or completion.

2. [§213] Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency shall deliver any notice or demand to the Participant with respect to any breach or default by the Participant of this Agreement, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement (who has previously made a request therefor) a copy of

such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the improvements, or the completion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Participant's obligations to the Agency by written agreement satisfactory to the Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the construction of the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations.

D. [§214] Certificate of Completion

Upon completion of the construction of the Project, the Participant shall send a written request to the Agency and the Agency shall furnish the Participant with a Certificate of Completion of Construction and Improvement (a "Certificate of Completion") for such work, in the form attached hereto as Exhibit E. The Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the construction of the Project as required by this Agreement.

After recording of the Certificate of Completion, any party then owning or thereafter purchasing the Project or any portion thereof shall not (because of such ownership) incur any obligation or liability under this Agreement, except that such party shall be bound by the Affordable Housing Covenant (as hereinafter defined) and any security instrument securing the performance of such covenants.

A Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation by the Participant to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof. A Certificate of Completion is not notice of completion as referred to in California Civil Code Section 3093. The Certificate of Completion provided for in this Section 214 is not a Certificate of Occupancy issued by the City.

E. [§215] Records; Reporting Requirements

Upon completion of the Project, the Participant shall submit to the Agency annual reports during the term of the Affordable Housing Covenant, together with supporting evidence, identifying the Eligible Household(s) occupying the Unit(s), the income and family size of the new Eligible Households occupying the Unit(s), and the rental rate for each Eligible Household occupying the Unit(s). Such annual reports shall be due by February 15 of each year, covering the immediately preceding January 1 through December 31 reporting year. Such information shall be reported to the Agency pursuant to Health and Safety Code Section 33418, in substantially the form attached as Exhibit B to the Affordable Housing Covenant (as hereinafter defined), or in a substantially equivalent format acceptable to the Agency.

The Participant shall maintain in accordance with generally accepted accounting principles, complete books and records relating to the acquisition, construction and development of the Project and the rental of the Units within the Project. The Participant shall maintain such books and records for a period of at least five (5) years from the calendar year to which such books and records relate. Upon request for examination by the Agency, the Participant at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Agreement, including records relating to the Eligible Households. Participant shall permit the Agency to audit, examine and make excerpts or transcripts from these records.

III. [§300] AGENCY ASSISTANCE

A. [§301] Agency Assistance

1. [§302] Agency Loan

Agency shall make a loan to Participant in the amount of ONE MILLION DOLLARS (\$1,000,000) (the "Agency Loan") to finance a portion of the City building permit and development impact fees (the "Development Fees") charged Participant for the development of the Project, and shall pay, on behalf of Participant, the Agency Loan proceeds directly to City to defray such portion of the fees in accordance with the Fee Deferral Agreement (as hereinafter defined). Participant shall execute and deliver to Agency (i) a "Promissory Note," in the form attached hereto as Exhibit G, evidencing Participants repayment obligations to Agency under the Agency Loan; and (ii) a Short Form Deed of Trust and Assignment of Rents, in the form attached hereto as Exhibit H (the "Deed of Trust"), securing the Promissory Note against the Site. Agency shall have no obligation to disburse any Agency Loan proceeds under this Agreement, or execute the Fee Deferral Agreement, unless Participant has satisfied, in Agency's sole discretion, all of the following conditions:

(a) The Participant shall deliver to the Agency evidence that the Participant has equity capital or mortgage financing in an amount sufficient to pay all amounts necessary to construct the improvements on the Site other than the proceeds of the Agency Loan;

(b) The Participant shall deliver to the Agency evidence that it has binding commitments, through its other sources, for permanent financing in an amount which, together with the Agency Loan, is sufficient to pay off Participant's construction financing;

(c) The Participant shall deliver to the Agency evidence that the Participant is diligently proceeding with the preparation of all construction plans, drawings and related documents, and obtaining approvals of all permits and any environmental review and documentation that may be required for the development of the Project;

(d) The Participant shall execute, in recordable form (if applicable), and deliver to the Agency the Affordable Housing Covenant, Notice of Affordability (as hereinafter defined), Promissory Note and Deed of Trust; and

(e) The Participant shall deliver to the Agency copies of executed contracts with a contractor for the construction of the improvements on the Site, along with evidence of labor and materials bonds and performance bonds.

Agency shall have no obligation to make the Agency Loan unless City executes and delivers to Agency a "Fee Deferral Agreement," in the form attached hereto as Exhibit F. Agency shall use reasonable good faith efforts to cause City to enter into the Fee Deferral Agreement, whereby City shall agree to, among other things, (i) defer and amortize payment of the portion of the Development Fees to be paid by the Agency Loan proceeds (the "Deferred Fees") over ten (10) years; (ii) accept Agency's payment of the Deferred Fees on behalf of Participant; and (iii) upon satisfying all other requirements, issue of a Certificate of Occupancy notwithstanding that the Deferred Fees have not been paid in full. This Agreement shall terminate if Agency fails to enter into the Fee Deferral Agreement in accordance with the Schedule of Performance.

If Participant secures any AHP or HOME funds, at any time in connection with the Project pursuant to Section 203 (collectively, "Supplemental Funds"), Participant shall immediately deliver such funds to Agency and the principal balance then evidenced by the Promissory Note shall be reduced in an amount equal to such funds delivered. Agency shall immediately apply any and all Supplemental Funds received towards any outstanding Deferred Fees owed City pursuant to the Fee Deferral Agreement.

2. [§303] Affordable Housing Covenant

The Participant shall execute and deliver (i) an "Affordable Housing Covenant" in the form attached hereto as Exhibit I; and (ii) a Notice of Affordability Restrictions on Transfer of Property, in the form attached hereto as Exhibit J (the "Notice of Affordability"), to the Agency in accordance with the Schedule of Performance. The Affordable Housing Covenant and Notice of Affordability shall be recorded against the entire Site.

The Agency agrees that the Affordable Housing Covenant may be subordinate to a regulatory agreement or other covenants and restrictions relating to any tax credit financing or other financing to be secured by Participant for development and construction of the Project.

IV. [§400] USE OF THE SITE

A. [§401] Affordable Units

The Participant covenants and agrees for itself, its successors, its assigns and every successor in interest, that all of the Units constructed on the Site shall be rented to qualified lower income persons and families whose income does not exceed eighty percent (80%) of the area median income ("Eligible Households"), in compliance with the Affordable Housing Covenant. The maximum housing cost for the Eligible Households must comply with the regulations promulgated by the California Department of Housing and Community Development Sections 6910-6932 in Title 25 of the California Code of Regulations, governing the Agency's set aside housing fund, or with the eligibility requirements established by any tax credit financing or the regulatory agreement relating to any other federally administered program providing financing for the Project.

Rental restrictions establishing the criteria for rental of the Units to Eligible Households are contained in the Affordable Housing Covenant to be recorded against the Site and applicable to the Units. The Units shall remain affordable for fifty-five (55) years from the date of recordation of the Affordable Housing Covenant.

B. [\$402] Property Management; Maintenance of the Project

Within the time set forth in the Schedule of Performance, the Participant shall prepare and enter into an agreement with a property management company approved by the Agency to manage the Project. The Participant shall submit a copy of such agreement to the Agency, provided the Agency shall not have the right to approve or disapprove such agreement except to ensure compliance of such agreement with the provisions of this Agreement and the Affordable Housing Covenant. The property management and maintenance agreement shall name the Agency as a third-party beneficiary permitting the Agency the right to enforce the Agreement. The Participant shall promptly notify the Agency in the event there is any change in the property management company managing the Project.

The Participant covenants that it shall maintain, or cause to be maintained, the Site and the improvements to be constructed thereon, in a manner consistent with the provisions set forth therefor in the Paso Robles Municipal Code, and shall keep the Site reasonably free from any accumulation of debris or waste materials prior to and after completion of the Project.

If, at any time, Participant fails to maintain the Site, the Agency shall have the right to take necessary corrective action pursuant to the provisions set forth in the Affordable Housing Covenant.

Failure by Participant to maintain, or cause to be maintained, the Site in the condition provided in this Section 402 shall constitute a default under the Affordable Housing Covenant.

The foregoing covenants shall remain in effect for a period of fifty-five (55) years from the date the Affordable Housing Covenant is recorded against the Site.

C. [\$403] Obligation to Refrain from Discrimination

The Participant covenants and agrees by and for itself, its successors and assigns and every successor in interest to the Site, or any part thereof, that there shall be no discrimination against or segregation of any person or group of person on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Participant or any person claiming under or through the Participant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land in accordance with Section 33438 of the Health and Safety Code and shall remain in effect in perpetuity.

D. [§404] Form of Nondiscrimination and Nonsegregation Clause

The Participant shall refrain from restricting the rental, sale or lease of any portion of the Site on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. Pursuant to Sections 33337 and 33436 of the Health and Safety Code or any successor statute, all such deeds, leases or contract shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: (a) "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of as basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein leased."

3. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

E. [§405] Rights of Access

For the purposes of assuring compliance with this Agreement, representatives of the Agency and the City shall have the reasonable right of access to the Site, with reasonable notice to Participant and without charges or fees for the purpose of inspection of the Site.

F. [§406] Effect and Duration of Covenants

The covenants contained in Section 401 and 402 shall be deemed to run with the land in accordance with Section 33334.3(f) of the California Health and Safety Code or any successor statute and shall remain in effect for a period of not less than fifty-five (55) years from the date of recordation of the Affordable Housing Covenant against the Site. The covenants against discrimination contained in Sections 403 and 404 shall be deemed to run with the land in accordance with Section 33438 of the California Health and Safety Code or any successor statute and shall remain in effect in perpetuity. The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on the part of the Participant and any successors and assigns to the Site or any part thereof, and the tenants, lessees, sublessees and occupants of the Site, for the benefit of and in favor of the Agency, the City and their successors or assigns and may be enforced by the Agency, the City and their successors and assigns.

V. [§500] DEFAULTS AND REMEDIES

A. [§501] Defaults

Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The nondefaulting party shall notify the defaulting party that a default exists and that the defaulting party must cure same within thirty (30) days of receipt of the notice of default; provided, however, if the default cannot reasonably be cured within 30 days, the defaulting party shall have such additional time as is necessary to cure the default provided the defaulting party has commenced the cure within the 30-day period and is diligently pursuing the cure. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.

B. [§502] Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Luis Obispo, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

The nondefaulting party may also, at its option, cure the breach and sue in any court of proper jurisdiction to collect the reasonable costs incurred by virtue of curing or

correcting the defaulting party's breach. Further, the nondefaulting party may file legal action to require the defaulting party to specifically perform the terms and conditions of this Agreement.

C. [§503] Applicable Law

The laws of the State of California, excepting those provisions dealing with choice of law, shall govern the interpretation and enforcement of this Agreement.

D. [§504] Rights and Remedies are Cumulative

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

E. [§505] Damages

If either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, the defaulting party shall be liable to the non-defaulting party for damages caused by such default.

F. [§506] Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

VI. [§600] GENERAL PROVISIONS

A. [§601] Conflicts of Interest

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

The Participant warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

B. [§602] Nonliability of Agency Officials and Employees

No member, official or employee of the Agency or the City shall be personally liable to the Participant in the event of any default or breach by the Agency or for any amount which may become due to the Participant or on any obligations under the terms of this Agreement.

C. [§603] Incorporation of Exhibits

The exhibits referenced herein are hereby incorporated into this Agreement as if set forth herein in full.

VII. [§700] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in two (2) duplicate originals each of which is deemed to be an original. This Agreement comprises pages 1 through 13 inclusive, and Exhibits A through J which constitute the entire understanding and agreement of the parties with respect to the Project.

This Agreement may be executed in counterparts, each of which, when taken together, shall constitute an original.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Participant, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Participant.

[Signatures to appear on the following page.]

VIII. [§800] TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Participant and delivered to the Agency, must be authorized, executed and delivered by the Agency within thirty (30) days after the date of signature by the Participant or this Agreement shall be void, except to the extent that the Participant may consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date first set forth above.

AGENCY: REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic By: _____ Executive Director APPROVED AS TO FORM: By: _____ Agency Counsel ATTEST: By: _____ Agency Secretary	PARTICIPANT: SOUTH RIVER ROAD ASSOCIATES, a California limited partnership By: San Luis Obispo Nonprofit Housing Corporation, a California non-profit public benefit corporation General Partner By: _____ Name: _____ Title: _____
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EXHIBIT A
MAP OF THE SITE

[To Be Inserted.]

EXHIBIT B

LEGAL DESCRIPTION OF THE SITE

Order Number: 4009-3278834

Page Number: 7

LEGAL DESCRIPTION

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL A: (A.P.N.: 009-813-011)

PARCEL 1 OF PARCEL MAP PR-79-275, IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED JUNE 17, 1986 IN BOOK 29, PAGE 43 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE DEED TO THE CITY OF EL PASO DE ROBLES, IN DOCUMENT RECORDED AUGUST 19, 1987 IN BOOK 3036, PAGE 380 OF OFFICIAL RECORDS.

PARCEL B: (A.P.N.: 009-813-012)

THAT PORTION OF NIBLICK ROAD THAT WOULD PASS WITH A CONVEYANCE OF TITLE, VACATED BY THE CITY OF PASO ROBLES, PER RESOLUTION NO. 88-69, RECORDED AUGUST 16, 1988 IN BOOK 3187, PAGE 17 OF OFFICIAL RECORDS.

EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED, AN UNDIVIDED 4/7THS INTEREST IN AND TO ALL GAS, OIL, AND MINERAL RIGHTS IN AND UPON SAID LAND AS RESERVED IN THE DEED FROM JAMES B. FRAZIER, ET AL., RECORDED JULY 25, 1950 IN BOOK 572, PAGE 312 OF OFFICIAL RECORDS; IN THE DEED FROM LAWRENCE E. FRAZIER, RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 324 OF OFFICIAL RECORDS, AND IN DEED FROM AUDREY M. CARY, ET UX., RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 326 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500' BENEATH THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO, AS RESERVED BY SHEILA CARY, SUCCESSOR TRUSTEE, ET AL., BY DEED RECORDED JANUARY 14, 2005 AS INSTRUMENT NO. 2005-003750 OF OFFICIAL RECORDS.

009-813-011 and 009-813-012

First American Title

Exhibit B

1258152v6 32868/4003

EXHIBIT C

SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General

The Participant agrees that the Site shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related documents approved by the Agency and/or City pursuant hereto. The Participant, its architect, engineer and contractors, shall work with Agency staff to coordinate the overall design, architecture and color of the improvements to be constructed on the Site. All defined terms not defined in this Exhibit C shall be as defined in the Participation Agreement to which this exhibit is attached.

B. Construction of the Project

The Participant shall construct on the Site a two-story multi-family residential housing complex, consisting of approximately 67,618 square feet of living space, which shall include (i) 80 apartment units, including: 22 one bedroom units, 30 two bedroom units and 28 three bedroom units, for rental to Eligible Households; and (ii) one two-bedroom unit dedicated to the manager of the complex, together with all appurtenant improvements required to be constructed by the Agency or City including, but not limited to, parking and landscaping improvements (the "Project").

C. Architecture and Design

The Project shall be of high architectural quality, shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, and exterior finish of the units must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the neighborhood.

D. Applicable Codes

The Project shall be constructed in accordance with the Uniform Building Code (with City modifications) and the City Municipal Code.

II. SITE CLEARANCE AND PREPARATION

Upon securing construction financing for the Project, the Participant shall perform, or cause to be performed, at its sole cost and expense, the following work:

A. On-Site Demolition and Clearance

1. On the Site, demolish or salvage, clear, grub and remove (as may be needed and called for in the approved construction plans) existing buildings, pavements, walks, curbs, gutters and other improvements; and

2. Remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Site, as may be required following any necessary relocation of the utilities.

B. Compaction, Finish Grading and Site Work

The Participant shall compact, finish grade and do such site preparation as is necessary for the construction of the Participant's improvements on the Site.

EXHIBIT D

SCHEDULE OF PERFORMANCE

<u>Action</u>	<u>Date</u>
1. Execution of this Agreement	By January 31, 2010
2. Submission of conceptual review site plan.	Completed.
3. Submission of evidence of equity capital or mortgage financing for remainder of construction cost to construct the Project, and, submission of evidence of equity capital or mortgage financing binding commitments for permanent financing after completion of the Project.	Prior to the disbursement of any portion of the Agency Loan.
4. Execution and recordation (if applicable) of Promissory Note, Deed of Trust, Affordable Housing Covenant and Notice of Affordability.	Prior to disbursement of any portion of the Agency Loan.
5. Execution of Fee Deferral Agreement.	Prior to disbursement of any portion of the Agency Loan.
6. Submission of construction plans, working drawings and related documents.	Prior to the commencement of construction
7. Approval of construction plans.	Within 90 days of submission of construction plans.
8. Obtain all other Project approvals and permits.	Prior to commencement of construction
9. Commencement of construction work.	Within 120 days from notice of tax credit award or securing of alternative financing; but in any event not later than _____
10. Approval/execution of property management agreement.	Prior to completion of the Project
11. Completion of construction work	Within 18 months after commencement of construction
12. Issuance of Certificate of Completion.	Upon completion of construction work

EXHIBIT E

FORM OF CERTIFICATE OF COMPLETION

RECORDED AT THE REQUEST OF AND
WHEN RECORDED RETURN TO:

**CERTIFICATE OF COMPLETION OF
CONSTRUCTION AND IMPROVEMENT**

WHEREAS, the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic ("Agency"), and SOUTH RIVER ROAD ASSOCIATES, a California limited partnership ("Participant"), entered into that certain Participation Agreement dated _____, 20__ (the "PA"); and

WHEREAS, pursuant to the PA, the Participant has developed that certain real property, legally described in the attached Exhibit A (herein, the "Site"), by constructing, or causing to be constructed, a two story multi-family residential housing project (the "Project") required under the PA; and

WHEREAS, pursuant to Section 214 of the PA, promptly after completion of construction of the Project by the Participant, and upon the written request by the Participant, the Agency is required to furnish the Participant with this Certificate of Completion of Construction and Improvement (the "Certificate of Completion") relating to such construction work; and

WHEREAS, the issuance by the Agency of the Certificate of Completion shall be conclusive evidence that the Participant has complied with the terms of the PA pertaining to construction of the improvements upon the Site; and

WHEREAS, the Participant has requested that the Agency furnish the Participant with the Certificate of Completion; and

WHEREAS, the Agency has conclusively determined that construction of the improvements on the Site as required by the PA has been satisfactorily completed;

NOW, THEREFORE:

1. As provided in the PA, the Agency does hereby certify that construction of the Project on the Site as required by the PA has been fully and satisfactorily performed and completed.

2. The PA is therefore of no further force and effect, and all rights, duties, obligations and liabilities of the Agency and the Participant thereunder with respect to the Site shall cease to exist. Any continuing and existing rights, duties, obligations and liabilities pertaining to the Site are provided in the Affordable Housing Covenant executed by the Participant in favor of the Agency which have been recorded against the Site.

3. This Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of the Participant to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the construction of the improvements on the Site. This Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the Agency has executed this Certificate of Completion as of this ____ day of _____, 20____.

AGENCY: REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic By: _____ Executive Director APPROVED AS TO FORM: By: _____ Agency Counsel ATTEST: By: _____ Agency Secretary	PARTICIPANT: SOUTH RIVER ROAD ASSOCIATES, a California limited partnership By: San Luis Obispo Nonprofit Housing Corporation, a California non-profit public benefit corporation General Partner By: _____ Name: _____ Title: _____
---	--

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT F
FORM OF FEE DEFERRAL AGREEMENT

[to be inserted]

EXHIBIT G

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

Not to Exceed
\$1,000,000.00

_____, 2010
El Paso de Robles, California

FOR VALUE RECEIVED, SOUTH RIVER ROAD ASSOCIATES, a California limited partnership ("Maker"), having an address of _____, promises to pay to the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic ("Holder"), the principal sum of ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00), or so much of said amount which may be advanced from time to time, with simple interest at the rate of three percent (3%) per annum.

1. Background; Agency Contribution. This Promissory Note ("Note") is made pursuant to that certain "Participation Agreement" dated _____, 20__, by and between Maker and Holder, whereby Holder has made a loan (the "Agency Loan") to Maker, in the amount of \$_____, to assist with the financing of a portion of the building permit and development fees ("Development Fees") charged Maker by the City of El Paso de Robles ("City") for the development of a two story multi-family residential housing complex, as further defined in the Participation Agreement as the "Project," upon that certain real property located in the City, defined in the Participation Agreement as the "Site." The Project consists of 81 dwelling units, of which 80 units are to be restricted for rental to qualified low income persons and families ("Eligible Households"), as further described in that certain Affordable Housing Covenant (the "Affordability Covenants"), dated _____, by and between Maker and Holder. This Note evidences the Agency Loan and Maker's repayment obligations to Holder thereunder. Pursuant to the Participation Agreement, Maker hereby acknowledges and approves Holder retaining the Agency Loan proceeds and paying directly to City, on behalf of Maker, such proceeds as payment towards the "Deferred Fees," as described and in accordance with the terms and conditions of that certain "Fee Deferral Agreement" (the "FDA"), dated _____, entered into by and between Holder and City.

2. Security. This Note is secured by a deed of trust (the "DOT"), to be executed by Maker concurrently herewith, which shall constitute a lien against the Site.

3. Term. The "Term" of this Note shall commence on the date of execution, set forth above, and shall expire on the 55th anniversary of such execution date.

4. Payment. Maker shall have no obligation to make payment to Holder of any principal or interest evidenced hereunder so long as Maker does not become in Default (as hereinafter defined) during the Term. Upon a Default, Maker shall be subject to the repayment obligations set forth in Section 6. This Note shall become due and payable, with all principal and accrued interest, upon the 55th anniversary of the date of this Note.

Any payment required to be made to Holder under this Note shall be made in lawful money of the United States to Holder at 1000 Spring Street, Paso Robles, California 93446, attn: Executive Director. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

5. Transfer. If Maker transfers the Site to an eligible transferee in accordance with the Affordability Covenants, this Note may be assumed by the transferee who shall execute an Assumption Agreement in substantially the form attached hereto as Exhibit A. Any attempted transfer of this Note or the Site in violation of the terms and conditions of the Affordability Covenants or Participation Agreement shall constitute a Default.

6. Default. The occurrence of any of the following shall constitute an event of default under this Note (a "Default"): (i) Maker's failure to perform any covenant or condition set forth hereunder; (ii) any default, or failure to perform any covenant or condition, by Maker under the Affordability Covenants, Participation Agreement or DOT after the expiration of applicable notice and cure periods; or (iii) failure by Maker to complete the construction of the Project, as evidenced by the issuance of a "Certificate of Completion" (as defined in the Participation Agreement), by _____.

Upon the occurrence of a Default, or at any time thereafter, at the option of Holder and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any Default, and the acceptance of one or more payment installments hereunder shall not constitute a waiver of Holder's option. Holder's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent Default. Holder's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness hereunder or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

7. "Supplemental Funds". Pursuant to Section 300 of the Participation Agreement, if Maker secures any Affordable Housing Program grant funds from the Federal Home Loan Bank or federal HOME funds, at any time in connection with the Project ("Funds"), Participant shall immediately deliver such funds to Agency and the principal balance then evidenced by this Note shall be reduced in an amount equal to such funds delivered. Agency shall immediately apply any and all Supplemental Funds received towards the outstanding amounts owed City under the Fee Deferral Agreement.

8. Waiver. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

9. Expenses; Attorneys' Fees. Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default this Note, the DOT or any other loan documents be placed in the hands of an attorney or attorneys for

collection, or (ii) if after a default hereunder, the Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or for the protection of its rights under this Note, the DOT or other loan document.

10. Notice. Any notice provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

11. Successors. This Note shall be binding upon Maker, its successors and assigns.

12. Laws. This Note shall be construed in accordance with and be governed by the laws of the State of California.

13. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

DATED: _____, 2009

MAKER:

SOUTH RIVER ROAD ASSOCIATES,
a California limited partnership

By: San Luis Obispo Nonprofit Housing
Corporation,
a California non-profit public benefit
corporation
General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF ASSUMPTION AGREEMENT

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

Redevelopment Agency
of the City of Paso Robles
1000 Spring Street
Paso Robles, California 93446
Attn: Executive Director

ASSUMPTION AGREEMENT

THIS AGREEMENT ("Agreement") is made among _____ ("Seller"), _____ ("Buyer") and THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic ("Agency").

WHEREAS, Seller is presently the owner of that certain real property (the "Property") that is subject to that certain Short Form Deed of Trust and Assignment of Rents (the "Deed of Trust"), dated _____, executed by Seller as Trustor and recorded on _____, 20__, in Book _____, Page _____, of the Official Records of the County Recorder of San Luis Obispo County, California, which Deed of Trust is security for a Promissory Note (the "Note") dated _____, 20__, executed by Seller as Maker, payable to Agency, in the original principal sum of \$1,000,000.00; and

WHEREAS, Seller wishes to sell, transfer and convey to the Buyer the Property; and

WHEREAS, the Property is subject to the Affordable Housing Covenant, recorded on _____, 20__, in Book _____ Page _____, of the Official Records of San Luis Obispo County, California (the "Affordability Agreement") placing affordability restrictions against the Property; and

WHEREAS, the Buyer agrees to assume the obligations represented by the Note, Deed of Trust and Affordability Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. The outstanding principal sum of the Note is \$_____.
2. The Seller shall be released from all liability on the Note and Deed of Trust.
3. THE BUYER HEREBY ASSUMES AND AGREES TO PAY THE OBLIGATION REPRESENTED BY THE NOTE AND ACKNOWLEDGES THAT THE PROPERTY DESCRIBED IN THE DEED OF TRUST IS SUBJECT TO THE LIEN OF THE AFFORDABILITY RESTRICTIONS DESCRIBED IN THE AFFORDABILITY

AGREEMENT. BUYER AGREES TO BE BOUND BY ALL OF THE CONDITIONS AND COVENANTS CONTAINED IN THE NOTE, DEED OF TRUST, AND THE AFFORDABILITY AGREEMENT.

4. Agency hereby consents to the transfer of the Property to Buyer.

5. All questions with respect to the interpretation of this Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California.

6. This Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto.

7. This Agreement, the Affordability Agreement, the Note, and the Deed of Trust contain the entire understanding of the parties hereto. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto, relating to the subject matter contained in this Agreement, which are not fully expressed in those documents.

[Signatures to appear on the following page.]

Executed on _____, _____, in _____, California.

Dated: _____

SELLER:

By: _____

Dated: _____

BUYER:

By: _____

Dated: _____

AGENCY:

REDEVELOPMENT AGENCY OF THE
CITY OF EL PASO DE ROBLES, a public
body, corporate and politic

Signature: _____

By: _____

Its: Executive Director

ATTEST:

By: _____

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT H

FORM OF DEED OF TRUST

When Recorded Mail Document To:

Redevelopment Agency
of the City of Paso Robles
1000 Spring Street
Paso Robles, California 93446
Attn: Executive Director

Exempt from recording fees pursuant to
Government Code Section 27383

APNs: 009-813-011 and 009-813-012

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, together with the **ADDENDUM TO DEED OF TRUST** attached hereto as Exhibit B and incorporated herein by this reference, both made as of _____, between

South River Road Associates, a California limited partnership, herein called **TRUSTOR**, whose address is

_____, a _____, herein called **TRUSTEE**, and

Redevelopment Agency of the City of El Paso de Robles, a public body, corporate and politic, herein called **BENEFICIARY**, whose address is

1000 Spring Street, Paso Robles, California 93446

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that **PROPERTY** in San Luis Obispo County, California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one Promissory Note, dated as of _____, and any extension or renewal thereof, in the principal sum of **\$1,000,000.00** executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of this Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

DATED: _____, 2009

State of California)
County of _____)

On _____ before me,
_____, Notary Public
(here insert name and title of the officer), 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.

Signature _____ (Seal)

SOUTH RIVER ROAD
ASSOCIATES,
a California limited partnership

By: San Luis Obispo Nonprofit
Housing Corporation,
a California non-profit public
benefit corporation,
General Partner

By: _____
Name: _____
Title: _____

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

DO NOT RECORD

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such, rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash of lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the proceeding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and pages where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this

DO NOT RECORD

Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE

_____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

By: _____

By: _____

Please mail Reconveyance to:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both original documents must be delivered to the Trustee for cancellation before reconveyance will be made.

State of California _____)
County of _____)

On _____ before me,
_____, Notary Public (here insert name and title of the officer),
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.

Signature _____

(Seal)

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

Order Number: 4009-3278834
Page Number: 7

LEGAL DESCRIPTION

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL A: (A.P.N.: 009-813-011)

PARCEL 1 OF PARCEL MAP PR-79-275, IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED JUNE 17, 1986 IN BOOK 29, PAGE 43 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE DEED TO THE CITY OF EL PASO DE ROBLES, IN DOCUMENT RECORDED AUGUST 19, 1987 IN BOOK 3036, PAGE 380 OF OFFICIAL RECORDS.

PARCEL B: (A.P.N.: 009-813-012)

THAT PORTION OF NIBLICK ROAD THAT WOULD PASS WITH A CONVEYANCE OF TITLE, VACATED BY THE CITY OF PASO ROBLES, PER RESOLUTION NO. 88-69, RECORDED AUGUST 16, 1988 IN BOOK 3187, PAGE 17 OF OFFICIAL RECORDS.

EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED, AN UNDIVIDED 4/7THS INTEREST IN AND TO ALL GAS, OIL, AND MINERAL RIGHTS IN AND UPON SAID LAND AS RESERVED IN THE DEED FROM JAMES B. FRAZIER, ET AL., RECORDED JULY 25, 1950 IN BOOK 572, PAGE 312 OF OFFICIAL RECORDS; IN THE DEED FROM LAWRENCE E. FRAZIER, RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 324 OF OFFICIAL RECORDS, AND IN DEED FROM AUDREY M. CARY, ET UX., RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 326 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500' BENEATH THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO, AS RESERVED BY SHEILA CARY, SUCCESSOR TRUSTEE, ET AL., BY DEED RECORDED JANUARY 14, 2005 AS INSTRUMENT NO. 2005-003750 OF OFFICIAL RECORDS.

009-813-011 and 009-813-012

First American Title

EXHIBIT B

ADDENDUM TO DEED OF TRUST

This Addendum to Deed of Trust is part of the Deed of Trust dated _____, to which it is attached between SOUTH RIVER ROAD ASSOCIATES, a California limited partnership, as "Trustor," and REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, as "Beneficiary." The following provisions are made a part of the Deed of Trust:

1. No Discrimination. The Trustor covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

2. Nondiscrimination Clauses. All deeds, leases or contracts made relative to the Property, the improvements thereon or any part thereof, shall contain or be subject to the nondiscrimination clauses set forth in California Health and Safety Code Section 33436.

3. Subordination. Beneficiary agrees that the terms and conditions of this Deed of Trust shall be subject to and subordinate to the terms and conditions of financing, for the purpose of developing or rehabilitating the Property, obtained by Trustor through a lender acceptable to Beneficiary pursuant to the terms of such subordination agreement executed by Beneficiary and such lender; provided the total aggregate amount of financing secured by the Trustor together with the indebtedness secured by this Deed of Trust shall not exceed the total appraised value of the Property.

4. Default. Notwithstanding any other provisions in this Deed of Trust, the occurrence of any of the following shall constitute an event of default under the Promissory Note secured by this Deed of Trust and this Deed of Trust, and a default may be declared under this Deed of Trust solely upon the occurrence of any of the following: (i) Any failure by Trustor to pay any amount due under the Note within fifteen (15) days of its due date; or (ii) Any failure by Trustor to perform any of the terms or conditions of the Affordable Housing Covenant, dated _____, by and between Trustor and Beneficiary, after expiration of applicable notice and cure periods.

5. Casualty. Beneficiary acknowledges and agrees that Trustor shall have the absolute right, subject to the rights of any senior lienholders, to prosecute, settle, and adjust any insurance claims, and use the proceeds thereof, provided Trustor holds and applies any insurance proceeds following a casualty toward the restoration or rebuilding of the improvements on the Property.

6. Hazardous Substances.

(a) As used in this Section 6, the following terms shall have the following meanings:

(i) "Environmental Laws" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("CRELA"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City of Riverbank or any applicable federal, state and local agencies or bureaus, as amended from time to time.

(ii) "Foreclosure Transfer" means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Deed of Trust, or by deed in lieu of such foreclosure.

(iii) "Hazardous Substances" means (A) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "infectious waste," "biohazardous waste," "toxic substance," "pollutant," "toxic pollutant," "contaminant" as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP toxicity" or "TCLP toxicity"; (B) petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (C) "hazardous substance" as defined in Section 2782.6(d) of the California Civil Code; (D) "waste" as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form; (F) urea formaldehyde foam insulation; (G) polychlorinated biphenyls (PCBs); (H) radon; and (I) any other chemical, material, or substance that, because of

its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

(iv) "Hazardous Substance Activity" means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.

(v) "Losses" means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by an Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person that is required by Environmental Laws or administrative ruling or directive because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of Environmental Laws in the air, soil, surface water or groundwater at the Property; (D) any and all diminution in value of the Property, loss of use or damage to the Property, or loss of profits or loss of business opportunity; and (E) reasonable costs and expenses of enforcing this Section 6.

(vi) "Environmental Losses" means Losses rising out of or as a result of: (A) the occurrence of any Hazardous Substance Activity; (B) any violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C), or any allegation of any such matters.

(b) Trustor represents and warrants to Beneficiary that Trustor has conducted as appropriate inquiry and investigation, and, to the best of Trustor's knowledge, based on such inquiry and investigation, no portion of the Property is being used or has ever been used at any

previous time, for the disposal, storage, treatment, processing or other handling of Hazardous Substances, nor have any Hazardous Substances migrated onto or from the Property. Neither the Property nor Trustor is in violation of or subject to any existing, pending or threatened investigation by any governmental authority under any Environmental Law. Trustor's prior and intended use of the Property will not result in the disposal or release of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof to the release of this Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release.

(c) Trustor represents and warrants to Beneficiary that Trustor has complied with all recommendations by any engineers retained by Trustor and all requirements of any applicable department of environmental resources, environmental protection agency or similar governmental agency, and there are no recommendations by said engineers or requirements ordered by said agency or any other governmental body for environmental investigation or cleanup with respect to the Property.

(d) On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances ("Environmental Requirements").

(e) If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property, Trustor shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property.

(f) At any time after the occurrence and during the continuance of any default under this Section 5, Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Deed of Trust:

(i) As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do

any of the following: (i) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (ii) take custody of all accounts; (iii) negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; (iv) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (v) make, terminate, enforce or modify leases of part or all of the Property; (vi) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in Beneficiary's judgment to protect or enhance the security hereof; and/or (vii) take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

(ii) With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (ii) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.

(iii) Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section 6, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines,

judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "Environmental Costs") relating to the cleanup, remediation or other response action required by applicable law or which Beneficiary believes necessary to protect the Property, it being conclusively presumed between Beneficiary and Trustor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action respecting the Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

(iv) As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.

(v) Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in the Loan Documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 6(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Property or this Deed of Trust.

(g) Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses.

[Signatures to appear on the following page.]

TRUSTOR:

SOUTH RIVER ROAD ASSOCIATES,
a California limited partnership

By: San Luis Obispo Nonprofit Housing Corporation,
a California non-profit public benefit corporation
General Partner

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT I

FORM OF AFFORDABLE HOUSING COVENANT

RECORDING REQUESTED BY AND AFTER RECORDATION, MAIL TO:

Redevelopment Agency of
the City of Paso Robles
1000 Spring Street
Paso Robles, California 93446
Attn: Executive Director

AFFORDABLE HOUSING COVENANT

For valuable consideration, the receipt of which is hereby acknowledged, the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES ("Agency"), acting to carry out the obligations under Section 33334.2 of the California Health and Safety Code establishing an affordable housing program for the City of El Paso de Robles, and SOUTH RIVER ROAD ASSOCIATES, a California limited partnership ("Owner"), hereby agree with respect to that certain parcel of real property legally described on Exhibit A (the "Site"), that the Site and the two story multi-family residential units to be constructed thereon (the "Project") will be subject to the conditions, restrictions, reservations and rights of Agency as specified in this Affordable Housing Covenant (this "Covenant"):

1. USE OF THE SITE. The Owner hereby covenants and agrees, for itself, its lessees, successors and assigns, as follows:

A. In consideration for Agency making the "Agency Loan" to "Participant," pursuant to that certain Participation Agreement, by and between Agency and Owner, dated _____, 20__, (the "PA"), for the purpose of financing a portion of the costs to develop the Site, Owner has executed this Covenant to assure the Property meets the requirements of California Health and Safety Code Sections 33334.2 and 33413, and remains affordable for the longest feasible period, but for not fewer than fifty-five (55) years.

B. Rent and Income Restrictions. The Project consists of (i) 80 apartment units (the "Affordable Units"), including: 22 one bedroom units, 30 two bedroom units and 28 three bedroom units, which shall be rented to low-income households whose income does not exceed 80% of the area median income (an "Eligible Households"), pursuant to Section 50079.5 of the California Health and Safety Code and the Affordable Units shall be available at rents that do not exceed 30% of 80% of the area medium income, adjusted by household size, less a utility allowance, pursuant to Section 50053 of the California Health and Safety Code; and (ii) one two-bedroom unit dedicated to the manager of the complex. For purposes of this Covenant, "area medium income" shall mean the median income for households in San Luis Obispo County, California, as published from time to time by the United States Department of Housing and Urban Development ("HUD") in a manner consistent with the determination of median gross income under Section 8 of the United States Housing Act of 1937, as amended, and as defined in

Title 25, California Code of Regulations, Section 6932. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, the Agency shall provide the Owner with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

The maximum housing cost of the Eligible Households must comply with the regulations promulgated by the California Department of Housing and Community Development Sections 6910-6932 in Title 25 of the California Code of Regulations, governing the Agency's set aside housing fund, or with the eligibility requirements established by any tax credit financing or the regulatory agreement relating to any other federally administered program providing financing for the Project.

C. Reporting Requirements. Annual reports and annual income recertifications must be submitted to the Agency. The reports, at a minimum, shall include:

- (1) The number of persons per unit
- (2) Tenant name
- (3) Initial occupancy date
- (4) Rent paid per month
- (5) Gross income per year
- (6) Percent of rent paid in relation to income.

Such information shall be reported to the Agency pursuant to Health and Safety Code Section 33418, in substantially the form attached hereto as Exhibit B, or in a substantially equivalent format acceptable to the Agency.

Annual income recertifications shall also contain those documents used to certify eligibility. Agency may, from time to time during the term of this Covenant, request additional or different information and Owner shall promptly supply such information in the reports required hereunder. Owner shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements prescribed by Agency with respect to all matters covered by this Covenant. Owner, at such time and in such forms as Agency may require, shall furnish to Agency statements, records, reports, data and information pertaining to matters covered by this Covenant. Upon request for examination by Agency, Owner, at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Covenant. Owner shall permit Agency to audit, examine and make excerpts or transcripts from these records.

2. MAINTENANCE. The Owner and all successors in interest, agree that they shall maintain, or cause to be maintained, the Site in a manner consistent with the provisions set forth therefor in the Paso Robles Municipal Code, and shall keep the entire Site reasonably free from any accumulation of debris or waste materials prior to and after construction.

If, at any time, Owner fails to maintain the Site, and has either failed to commence to cure such condition or to diligently prosecute to completion the condition or the condition is not corrected after expiration of thirty (30) days from the date of written notice from Agency to Owner, Agency may perform the necessary corrective maintenance, and Owner shall

pay such costs as are reasonably incurred for such maintenance. The Agency shall have the right to place a lien on the Site should Owner not reimburse Agency for such costs within sixty (60) days following Agency's written demand to Owner for reimbursement of such costs. Owner, on behalf of itself, its heirs, successors and assigns, hereby grants to Agency and its officers, employees and agents, an irrevocable license to enter upon the Site to perform such maintenance during normal business hours after receipt of written notice from Agency as hereinabove described and Owner's failure to cure or remedy such failure within thirty (30) days of such notice. Any such entry shall be made only after reasonable notice to Owner, and Agency shall indemnify and hold Owner harmless from any claims or liabilities pertaining to any such entry by Agency.

Failure by Owner to maintain the Site in the condition provided in this Section 2 after the expiration of applicable cure periods may, in Agency's reasonable discretion, constitute a default under this Covenant.

3. NO TRANSFER. Except with respect to Approved Transferees as defined in the PA, the Owner shall not sell, transfer, convey, encumber, assign or lease the whole or any part of the Site without the prior approval of the Agency, which shall not be unreasonably withheld. Owner shall request approval by written notice at least ninety (90) days prior to any proposed transfer. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the rehabilitation or development of the Site or to prohibit or restrict the rental or leasing of the Affordable Units to Eligible Households.

4. MANAGEMENT. During the term of this Covenant, Owner shall promptly notify the Agency in the event there is any change in the property management company managing the Project. The property management and maintenance agreement (the "Management Agreement") shall name the Agency as a third-party beneficiary permitting the Agency the right to enforce this Covenant. Owner shall submit a copy of the Management Agreement to the Agency, provided the Agency shall not have the right to approve or disapprove such agreement except to ensure compliance of such agreement with the provisions of this Section 4.

5. NO DISCRIMINATION. The Owner covenants and agrees by and for itself, its successors and assigns and every successor in interest to the Site, or any part thereof, that there shall be no discrimination against or segregation of any person or group of person on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land in accordance with Section 33438 of the Health and Safety Code and shall remain in effect in perpetuity.

6. NONDISCRIMINATION AND NONSEGREGATION CLAUSES. The Owner shall refrain from restricting the rental, sale or lease of any portion of the Site on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are

defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. Pursuant to Sections 33337 and 33436 of the Health and Safety Code or any successor statute, all such deeds, leases or contract shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

A. In deeds: (a) "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

B. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of as basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein leased."

C. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

7. NO IMPAIRMENT OF LIEN. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Owner to the Site shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether

such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. DURATION. The covenants contained in Sections 1, 2, 3 and 4 shall be deemed to run with the land in accordance with Section 33334.3(f) of the Health and Safety Code or any successor statute and shall remain in effect for not less than fifty-five (55) years following recordation of this Covenant. The covenants against discrimination contained in Sections 5 and 6 shall be deemed to run with the land in accordance with Section 33438 of the Health and Safety Code or any successor statute and shall remain in effect in perpetuity.

9. SUCCESSORS AND ASSIGNS. The covenants contained in this Covenant shall be binding for the benefit of the Agency and its respective successors and assigns, third party beneficiaries, and any successor in interest to the Site or any part thereof, and such covenants shall run in favor of the Agency and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. The Agency, and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Covenant shall be for the benefit of and shall be enforceable only by the Agency, and its respective successors and assigns, third party beneficiaries, and such aforementioned parties.

10. SUBORDINATION. Upon written request by Owner, Agency shall agree that the terms and conditions of this Covenant shall be subject to and subordinate to the terms and conditions of financing obtained by Owner, through a lender reasonably acceptable to the Agency (the "Lender") and upon terms and conditions reasonably approved by the Agency, for construction or permanent financing, to be secured by a deed of trust against the Site; provided the total aggregate amount of such financing secured by Owner shall not exceed the appraised value of the completed Project; and provided, further, any Lender for construction or permanent financing that is not obtained through an approved federal or state program shall agree to include in its subordination agreement and deed of trust the following conditions: (i) Agency shall receive any notices of default issued by Lender to Owner; (ii) Agency shall have the right to cure any default by Owner within forty-five (45) days after a notice of default; (iii) Agency shall have the right to foreclose its deed of trust without Lender accelerating its debt, provided Agency has cured or is attempting to cure any defaults under the Lender's deed of trust; and (iv) Agency shall have the right to transfer the Project to another nonprofit corporation, or to a limited partnership whose general partner is a nonprofit corporation, who shall own and operate the Project as an affordable rental housing project with the consent of Lender, which consent shall not be unreasonably withheld.

11. MODIFICATION. Any amendment to this Covenant must be in writing signed by duly authorized representatives of Agency and Owner stating the intent of the parties to amend this Covenant.

IN WITNESS WHEREOF, the Agency and Owner have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ____ day of _____, 20__.

<p>AGENCY:</p> <p>REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic</p> <p>By: _____ Executive Director</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ Agency Counsel</p> <p>ATTEST:</p> <p>By: _____ Agency Secretary</p>	<p>OWNER:</p> <p>SOUTH RIVER ROAD ASSOCIATES, a California limited partnership</p> <p>By: San Luis Obispo Nonprofit Housing Corporation, a California non-profit public benefit corporation General Partner</p> <p>By: _____ Name: _____ Title: _____</p>
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ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

Order Number: 4009-3278834
Page Number: 7

LEGAL DESCRIPTION

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL A: (A.P.N.: 009-813-011)

PARCEL 1 OF PARCEL MAP PR-79-275, IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED JUNE 17, 1986 IN BOOK 29, PAGE 43 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE DEED TO THE CITY OF EL PASO DE ROBLES, IN DOCUMENT RECORDED AUGUST 19, 1987 IN BOOK 3036, PAGE 380 OF OFFICIAL RECORDS.

PARCEL B: (A.P.N.: 009-813-012)

THAT PORTION OF NIBLICK ROAD THAT WOULD PASS WITH A CONVEYANCE OF TITLE, VACATED BY THE CITY OF PASO ROBLES, PER RESOLUTION NO. 88-69, RECORDED AUGUST 16, 1988 IN BOOK 3187, PAGE 17 OF OFFICIAL RECORDS.

EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED, AN UNDIVIDED 4/7THS INTEREST IN AND TO ALL GAS, OIL, AND MINERAL RIGHTS IN AND UPON SAID LAND AS RESERVED IN THE DEED FROM JAMES B. FRAZIER, ET AL., RECORDED JULY 25, 1950 IN BOOK 572, PAGE 312 OF OFFICIAL RECORDS; IN THE DEED FROM LAWRENCE E. FRAZIER, RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 324 OF OFFICIAL RECORDS, AND IN DEED FROM AUDREY M. CARY, ET UX., RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 326 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500' BENEATH THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO, AS RESERVED BY SHEILA CARY, SUCCESSOR TRUSTEE, ET AL., BY DEED RECORDED JANUARY 14, 2005 AS INSTRUMENT NO. 2005-003750 OF OFFICIAL RECORDS.

009-813-011 and 009-813-012

First American Title

EXHIBIT B
TENANT INCOME CERTIFICATION

Project: _____

Date: _____

Affordable Unit	30% of Median Income	1BR
	40% of Median Income	2BR
	50% of Median Income	3BR
	60% of Median Income	
	120% of Median Income	

Address/Unit Number: _____ Rent: _____

Tenant/Household Name: _____ Date of Lease: _____

Size of Household: _____ Expiration: _____

Total Household Income: _____ per year

The following list includes each member of the household and their income. Attached are federal or state income tax returns for the most recent tax year, current stubs from paychecks or other evidence of the income of each income producing member of the household.

Name of Household Member	Relationship	Age	Social Security Number	Annual Income	Source of Income/ Name of Employer
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

I/We the undersigned have read and answered fully, frankly and personally each of the above questions under penalty of perjury and do hereby swear they are true.

Head of Household

Date

Owner/Owner's Agent

Date

CERTIFICATION OF CONTINUING COMPLIANCE

Project: _____

Date: _____

Total Affordable Housing Units in Project:

Very-Low Income Units (not to
exceed 30% of Median Income): _____

Very-Low Income Units (not to
exceed 40% of Median Income): _____

Very-Low Income Units (not to
exceed 50% of Median Income): _____

Low-Income Units (not to
exceed 60% of Median Income): _____

Moderate-Income Units (not to
exceed 120% of Median Income): _____

The Owner, in accordance with the Affordable Housing Covenant with the Redevelopment Agency of the City of Paso Robles, dated _____ does hereby certify that during the preceding year, the units identified on the following pages were occupied in accordance with the Affordable Housing Covenant and does hereby further certify that the representations set forth herein are true and correct to the best of the undersigned's knowledge.

Signed: _____

Date: _____

Owner/Owner's Agent

[See Attached.]

ANNUAL COMPLIANCE REPORT

Project:_____ Date:_____

Very-Low-Income Units (Not to Exceed 30% of Median Income)

Unit No./Address	Type	Tenant Name	Annual Household Income	Number in Household	Monthly Rent
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Attach additional sheets as required.)

Signed:_____ Date:_____
Owner/Owner's Agent

ANNUAL COMPLIANCE REPORT

Project: _____ Date: _____

Very-Low-Income Units (Not to Exceed 40% of Median Income)

Unit No./Address	Type	Tenant Name	Annual Household Income	Number in Household	Monthly Rent
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Attach additional sheets as required.)

Signed: _____ Date: _____
Owner/Owner's Agent

ANNUAL COMPLIANCE REPORT

Project:_____ Date:_____

Very-Low-Income Units (Not to Exceed 50% of Median Income)

Unit No./Address	Type	Tenant Name	Annual Household Income	Number in Household	Monthly Rent
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Attach additional sheets as required.)

Signed:_____ Date:_____
Owner/Owner's Agent

ANNUAL COMPLIANCE REPORT

Project: _____ Date: _____

Low-Income Units (Not to Exceed 60% of Median Income)

Unit No./Address	Type	Tenant Name	Annual Household Income	Number in Household	Monthly Rent
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Attach additional sheets as required.)

Signed: _____ Date: _____
Owner/Owner's Agent

ANNUAL COMPLIANCE REPORT

Project:_____ Date:_____

Moderate-Income Units (Not to Exceed 120% of Median Income)

Unit No./Address	Type	Tenant Name	Annual Household Income	Number in Household	Monthly Rent
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Attach additional sheets as required.)

EXHIBIT J

FORM OF NOTICE OF AFFORDABILITY

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Redevelopment Agency of
the City of Paso Robles
1000 Spring Street
Paso Robles, California 93446
Attn: Executive Director

**NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY**

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice: Restrictions have been recorded with respect to the property described below (referred to in this Notice as the "Property") which restrict the price and terms at which the Property may be sold or rented. These restrictions may limit the sales price or rents of the Property to an amount which is less than the fair market value of the Property. These restrictions also limit the income of persons and households who are permitted to purchase and rent the Property.

Title of Document Containing Affordable Housing Restrictions: Affordable Housing Covenant (referred to in this Notice as the "Affordable Housing Restrictions").

Parties to Affordable Housing Restrictions: The Redevelopment Agency of the City of El Paso de Robles, a public body, corporate and politic ("Agency"), and South River Road Associates, a California limited partnership ("Owner").

The Affordable Housing Restrictions are recorded: *(check one)*

- ☐ as Document No. _____, official records of _____ County, on _____; or
- ☒ concurrently with this Notice, in the official records of San Luis Obispo County.

Legal Description of Property: See Exhibit A (Attached hereto)

Street Address of Property: _____, Unit No. _____, _____, California.

Assessor's Parcel Number of Property: 009-813-011; 009813012

Summary of Affordable Housing Restrictions *(check as applicable):*

- x The Affordable Housing Restrictions restrict the amount of rent which may be charged for the rental housing unit or units on the Property, as follows: The Affordable Units (as defined in the Affordable Housing Restrictions) shall be rented to low-income households whose income does not exceed 80% of the area median income pursuant to Section 50079.5 of the California Health and Safety Code. The Affordable Units shall be available at rents that do not exceed 30% of 60% of the area medium income, adjusted by household size, less a utility allowance, pursuant to Section 50053 of the California Health and Safety Code, all as more further described in the Affordable Housing Restrictions.
- o The Affordable Housing Restrictions restrict the sales price which may be charged for the sale of the ownership housing unit or units on the Property, as follows:
- x The Affordable Housing Restrictions restrict the income level of the tenant or buyer of the Property, as follows: See above.
- x Term of Restrictions: fifty-five (55) years from the date of recordation of the Affordable Housing Restrictions against the Property.

This Notice does not contain a full description of the details of all of the terms and conditions of the Affordable Housing Restrictions. You will need to obtain and read the Affordable Housing Restrictions to fully understand the restrictions and requirements which apply to the Property. In the event of any conflict between the terms of this Notice and the terms of the Affordable Housing Restrictions, the terms of the Affordable Housing Restrictions shall control.

This Notice is being recorded and filed in compliance with Health and Safety Code Section 33334.3(f)(3) and (4), and shall be indexed against the Agency and the current Owner of the Property.

[Signatures to appear on the following page.]

<p>AGENCY:</p> <p>REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic</p> <p>By: _____ Executive Director</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ Agency Counsel</p> <p>ATTEST:</p> <p>By: _____ Agency Secretary</p>	<p>OWNER:</p> <p>SOUTH RIVER ROAD ASSOCIATES, a California limited partnership</p> <p>By: San Luis Obispo Nonprofit Housing Corporation, a California non-profit corporation, General Partner</p> <p>By: _____ Name: _____ Title: _____</p>
---	--

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(here insert name and title of the officer)

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.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Order Number: 4009-3278834

Page Number: 7

LEGAL DESCRIPTION

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL A: (A.P.N.: 009-813-011)

PARCEL 1 OF PARCEL MAP PR-79-275, IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED JUNE 17, 1986 IN BOOK 29, PAGE 43 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE DEED TO THE CITY OF EL PASO DE ROBLES, IN DOCUMENT RECORDED AUGUST 19, 1987 IN BOOK 3036, PAGE 380 OF OFFICIAL RECORDS.

PARCEL B: (A.P.N.: 009-813-012)

THAT PORTION OF NIBLICK ROAD THAT WOULD PASS WITH A CONVEYANCE OF TITLE, VACATED BY THE CITY OF PASO ROBLES, PER RESOLUTION NO. 88-69, RECORDED AUGUST 16, 1988 IN BOOK 3187, PAGE 17 OF OFFICIAL RECORDS.

EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED, AN UNDIVIDED 4/7THS INTEREST IN AND TO ALL GAS, OIL, AND MINERAL RIGHTS IN AND UPON SAID LAND AS RESERVED IN THE DEED FROM JAMES B. FRAZIER, ET AL., RECORDED JULY 25, 1950 IN BOOK 572, PAGE 312 OF OFFICIAL RECORDS; IN THE DEED FROM LAWRENCE E. FRAZIER, RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 324 OF OFFICIAL RECORDS, AND IN DEED FROM AUDREY M. CARY, ET UX., RECORDED SEPTEMBER 12, 1950 IN BOOK 578, PAGE 326 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS A AND B ABOVE DESCRIBED ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES BELOW A DEPTH OF 500' BENEATH THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO, AS RESERVED BY SHEILA CARY, SUCCESSOR TRUSTEE, ET AL., BY DEED RECORDED JANUARY 14, 2005 AS INSTRUMENT NO. 2005-003750 OF OFFICIAL RECORDS.

009-813-011 and 009-813-012

First American Title

San Luis Obispo

Non-Profit Housing Corporation

April 12, 2010

City of El Paso de Robles
Attn: Ed Gallagher, City Planner
1000 Spring Street
Paso Robles, CA 93446

Re: Hidden Creek Village

Dear Ed,

This is to update the City Council and the Redevelopment Agency on the status of the above mentioned project. The project has moved along very quickly, with the assistance of city staff. The review of the building plans has been completed and the project is virtually ready to pull permits pending the finalization of the items indicated in the February 9, 2010 letter from Lori Wilson. Most of the items can be completed in advance of loan closings, with the exception of payment of the school fees. This expense will be one of the items drawn at the time of the closing of the loans and paid after it is funded.

In the interim, the financing was slightly delayed due to the processing at the state level. Per the attached documents, that is also nearing completion and it is anticipated that closing of both the construction loan through Rabobank and the exchange credits through the State can be closed within 30 days. The only remaining piece is the Participation Agreement and approval of the funding from the RDA. Both of the other lenders are also contingent on closing of funding, but have agreed to simultaneous closings. Thus, if the Participation Agreement and related documents through the RDA could be approved at the meeting on April 20th, execution would be targeted to occur in coordination with the other loans or shortly thereafter.

The San Luis Obispo Nonprofit Housing Corporation ("SLONP"), the Contractor and the rest of the team are all poised and ready to begin construction. We have not yet issued a Notice to Proceed, pending finalization and approval of all the documents. Once the exact closing date is known, the Notice to Proceed will be issued so that the Contractor can begin to mobilize. It may be necessary to pull a grading permit in advance to expect site preparation and start-up.



Otherwise, the following is a summary of the attachments to support our request for finalization of the RDA approval:

1. California Tax Credit Allocation Committee – Executed Grant Agreement reflecting approval of the \$14,115,450. This is the tax credit exchange amount and the disbursement will be handled through CalHFA.
2. Rabobank Commitment Letter
3. The following is a brief outline of the project costs and sources of financing:

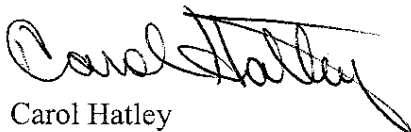
Project Costs:	Land Purchase	\$ 3,350,000
	Architecture	126,900
	Survey/Engineering	63,000
	Loan Interest, Fees, Ins., etc	933,000
	On-Site Improvements	1,522,914
	Construction	8,541,582
	Local Fees	2,566,285
	Other: Legal, audit, reserves, etc	2,450,111
	Construction Contingency (5%)	405,500
	Total Project Costs	19,959,292

Financing Sources:	Tax credit equity	14,115,450
	LMIH (see Note below)	1,000,000
	Permanent Financing	4,843,842
	Total Sources	19,959,292

Note: The commitment of LMIH funds requested that the developer seek other funding to minimize the amount of LMIH funds. The General Partner, San Luis Obispo Nonprofit Housing Corporation, applied for \$500,000 of HOME funding and is being recommended for \$400,000. In the event that these funds are approved, the amount of the LMIH funding that would ultimately be required would be reduced to \$600,000 as the long term amount

Lastly, once the closing date is known, a ground breaking ceremony will be planned. We are all excited to see the project move forward and want to highlight this event with the members of the community and city that assisted in making this happen.

Respectfully,



Carol Hatley
Agent for the San Luis Obispo
Nonprofit Housing Corporation

RESOLUTION NO. RA 09-002

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING REDEVELOPMENT LOW AND MODERATE INCOME HOUSING FUNDS TO ASSIST THE
DEVELOPMENT OF LOW INCOME HOUSING
AT 80 S. RIVER ROAD (HIDDEN CREEK VILLAGE)

WHEREAS, at its meeting of January 6, 2009, the City Council of the City of El Paso de Robles (the “City Council”) approved Planned Development (PD) 08-010 authorizing the development of Hidden Creek Village, consisting of 84 apartment units for low income families at 80 S. River Road (the “Project”); and

WHEREAS, Conner LLC and the Housing Authority of the City of San Luis Obispo, who are co-applicants (the “Applicants”) for the Project have indicated an intent, both verbally and in writing, to seek Federal Tax Credit financing for the project, which will require that occupancy of all 84 units be restricted to households earning 60 percent or less of the Area (County) Median Income; and

WHEREAS, in October 2008, the City of Paso Robles estimated that the cost of building permit and development impact fees for the Project would be about \$2.7 million; and

WHEREAS, the Applicants have filed a letter requesting that the Redevelopment Agency of the City of Paso Robles (the “Agency”) grant up to \$1.0 million in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purpose of offsetting a portion of the City building permit and development impact fees for the Project; and said request proposes that the Agency disburse the grant in annual increments of \$100,000 over 10 years, and that the City Council allow for payments of the \$1.0 million portion of said building permit and development impact fees to be deferred over a 10 year period; and

WHEREAS, the Applicants have communicated, both verbally and in writing, a willingness to consider provisions to reduce the amount of requested LMIH assistance in proportion to any other sources of financing for the Project they may be able to acquire such as an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and/or federal HOME funds; and

WHEREAS, the Agency has provided grants of LMIH Funds to other low income senior housing projects, to wit, Los Robles Terrace (\$120,000 to offset City fees), Creekside Gardens (\$635,000 for land acquisition and project development costs), Canyon Creek Apartments (\$559,000 for development costs), and Chet Dotter Senior Housing (\$1.745 million for development costs, offsetting city building permit and development impact fees, and costs for pre-development design and environmental studies); and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan and the City’s objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency’s goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2004 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2004 Redevelopment Implementation Plan provides that the Agency may consider requests to use LMIH Funds to assist large-scale multi-family projects (those with more than 12 dwelling units); and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any multi-family rental housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons

and families of low and moderate income and lower income households for the longest feasible time, but not less than fifty-five (55) years; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the “Affordability Covenant”) to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of the Applicant’s request, the Applicants have not yet applied for Federal Tax Credit Financing, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves \$1.0 million in future LMIH Funds to be a loan to the Applicants for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. The form of financial assistance to the Project will be a loan, which may be structured as follows:
 - a. The principal amount shall be \$1.0 million, but the Applicants shall agree to apply for supplemental sources of financing, to include an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank and federal HOME funds, with the understanding that the principal amount shall be reduced in direct proportion to the amount of supplemental funds awarded to the Project;
 - b. The loan shall accrue interest at the rate of zero percent;
 - c. Payments on the loan shall be deferred for a period of 55 years; if at the end of 55 years, the Project has continually been operated to restrict rent levels for all units to those affordable to lower income households, as defined by Health and Safety Code Section 50053, the principal amount of the loan shall be forgiven;
 - d. The principal amount of the loan shall be disbursed in ten annual increments of \$100,000.00 to reimburse the City for building permit and development impact fees; if supplemental sources of financing are awarded to the Project, thereby reducing the principal amount, the disbursement schedule shall be shortened on a pro rata basis;
3. The City Council shall agree to authorize payment of building permit and development impact fees to be deferred over a period of up to 10 years, allowing dwelling units in the Project to be occupied prior to full payment of said fees.
4. Prior to distribution of any grant funds, the Applicants shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
5. As a prerequisite to obtaining the loan, Applicants shall submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing.
6. The PA shall provide that the residents of the Project qualify as “Lower Income Households”, as defined by Health and Safety Code Section 50079.5.
7. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit rent prices of the Project to levels affordable to “Lower Income Households”, as set forth in Health and Safety Code Section 50052.5, for a period of at least 55 years.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 19th day of May, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Hamon, Chairman

ATTEST:

Cathy David, Deputy City Clerk

STATUS OF LMIH FUNDS

April 2010

Estimated Fund Balance and Commitments Through June 30, 2009

Activity	Amount	Notes
LMIH Fund balance as of 6/30/09	1,423,900	1

Commitments for Future Fiscal Years

Fiscal Year	Amount	Purpose	Notes
10	300,000	Payment on CalHFA Loan for Chet Dotter Senior Housing	2
11	300,000	Payment on CalHFA Loan for Chet Dotter Senior Housing	2
12	100,000	Hidden Creek Village	3

Notes:

1. Jim Throop's 11/17/09 email on FY 10 Encumbrances.
2. Approved via Ordinance 921 N.S. and Resolution RA 05-03.
3. \$100,000 per year over 10 years per Resolution RA 09-002. Assumes project is built.

All figures on this page are rounded to the nearest \$100.

Projections for the Next 10 Years (not including investment income)

Fiscal Year	Estimated Deposits into LMIH Fund *	Estimated Administrative Expense **	Commitments ***	Estimated LMIH Fund Balance
09				1,423,900
10	840,000	295,500	300,000	1,668,000
11	858,000	301,400	300,000	1,925,000
12	877,000	307,400	100,000	2,395,000
13	896,000	313,500	103,000	2,875,000
14	916,000	319,800	106,100	3,365,000
15	937,000	326,200	109,300	3,867,000
16	958,000	336,000	112,600	4,376,000
17	979,000	346,100	116,000	4,893,000
18	1,000,000	356,500	119,500	5,417,000
19	1,021,000	367,200	123,100	5,424,000
20	1,043,000	378,200	126,800	5,955,000
21	1,065,000	389,500	130,600	5,969,000

* Estimated Deposits thru FY 18 provided by Craig Hill on 05/08/09.

* Estimated Deposits in FY 19 and 20 provided by Ed Gallagher on 11/17/09.

** Estimated administrative expense begins with \$295,500 in FY10. (\$295,500 = \$349,500 Budgeted minus \$54,000 CDBG Admin Funds.) Subsequent fiscal years' amounts are adjusted by 2.0% through FY 15 and then by 3.0% to FY 20.

*** Payments to Hidden Creek Village in FYs 13-20 assume future values at a compounded interest rate of 3.0%