EXHIBIT “A” – HOME AGREEMENT

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CITY OF FRESNO

By:_____
Georgeanne A. White
City Manager

Date:_____

CITY OF FRESNO
HOME INVESTMENT PARTNERSHIPS PROGRAM AGREEMENT

by and between

CITY OF FRESNO,
a municipal corporation

and

FCTC Family II, LP

regarding

Sarah's Court II Apartments
200 N. Salma Avenue, Fresno, CA 93727
APN: 462-420-06 through 09

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HOME INVESTMENT PARTNERSHIPS PROGRAM AGREEMENT

This HOME Investment Partnerships Program Agreement (Agreement) is entered into on _____, 2026, by and between the City of Fresno, a municipal corporation, (CITY), and FTCT Family II, LP, a California limited partnership (DEVELOPER).

RECITALS

A. WHEREAS, the CITY has received HOME Investment Partnerships (HOME) Program funds from the U.S. Department of Housing and Urban Development (HUD), under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (Act).

B. WHEREAS, to advance the supply of affordable rental housing within the City of Fresno, the CITY desires, among other things, to encourage investment in the affordable rental housing market; and

C. WHEREAS, the DEVELOPER desires to act as the owner/developer exercising effective project control, as to the construction of a 120-unit apartment complex of which 11 shall be HOME-Assisted "floating" Units (three at 50% of area median income and eight at 60% to 80% of area median income) and preserved as Very Low- and Low-Income rental housing, as defined by the HOME Program at 24 CFR Part 92, and related on-site and off-site improvements as more particularly described in EXHIBIT "B" – Project Description and Schedule, incorporated herein (Project); and

D. WHEREAS, the Project will be constructed upon HOME Program-eligible Property (Property) owned by the DEVELOPER; and

E. WHEREAS, to further its goal to increase the supply of affordable housing within the City of Fresno, the CITY desires to assist the DEVELOPER by providing a Three Million Dollar and 00/100 ($3,000,000.00) residual receipts HOME Program Loan to the Project (Loan) at 3% interest for a period of 55-years for eligible HOME Project construction costs upon the terms and conditions in this Agreement as further identified in EXHIBIT "C" – Budget, to be secured by the underlying Property and the affordable housing covenants attached as EXHIBIT "D" – Exemplar Declaration of Restriction, EXHIBIT "F" – Exemplar Promissory Note, and EXHIBIT "G" – Exemplar Deed of Trust Assignment of Rents upon the terms and conditions in this Agreement; and

F. WHEREAS, an Environmental Impact Report No. 10133, was prepared for the Fancher Creek Project (EIR No. 10133) and was certified by the Council of the City of Fresno on May 17, 2005, by Resolution No. 2005-183, which evaluated the construction of over 2,300 residential units in the entire 475-acre area for the Fancher Creek development, including 240 residential units in a mixed-use portion of the Town Center; and

G. WHEREAS, on March 25, 2010, the Council adopted an Addendum to the EIR No. 10133, dated June 29, 2009, which addresses a total of 740 residential units in the Town Center, which is an increase of 500 units; and

H. WHEREAS, after adoption of the Addendum to the EIR No. 10133, the Council approved a Development Agreement by and between the City of Fresno and Fancher Creek Properties, LLC, which set forth the rights and responsibilities for the development of the Fancher Creek Town Center, including the residential units with the Town Center Area; and

I. WHEREAS, an environment review of the Project pursuant to the National Environmental Policy Act guidelines was completed on March 1, 2022, and resulted in a Finding of No Significant Impact with Authorization to Use Grant Funds received on March 17, 2022; and

J. WHEREAS, the CITY has determined that this Agreement is in the best interest of, and will materially contribute to, the Housing Element goals of the General Plan. Further, the CITY has found that the Project: (i) will have a positive influence in the neighborhood and surrounding environs, (ii) is in the vital and best interest of the CITY, and the health, safety, and welfare of CITY residents, (iii) complies with applicable federal, State, and local laws and requirements, (iv) will increase, improve, and preserve the community's supply of Low-Income Housing available at an affordable cost to Low-Income household, as defined hereunder, (v) planning and administrative expenses incurred in pursuit hereof are necessary for the production, improvement, or preservation of Lower Income Housing, and (vi) will comply with participation rules and criteria applicable thereto; and

K. WHEREAS, the CITY and DEVELOPER have determined that the Project's HOME-Assisted Units constitute routine programmatic/grantee lender activities utilizing available and allocated program/grantee funding, outside of the California Constitution Article XXXIV and enabling legislation; and

L. WHEREAS, the CITY and DEVELOPER acknowledge and agree that the obligations and liabilities of the DEVELOPER hereunder shall be joint and several unless, and except to any extent expressly provided otherwise; and

M. WHEREAS, on December 29, 2023, the DEVELOPER's Board reviewed and approved the development of the Project and HOME Application for funding.

NOW, THEREFORE, IN CONSIDERATION of the above recitals, which recitals are contractual in nature, the mutual promises herein contained, and for other good and valuable consideration hereby acknowledge, the parties agree as follows:

ARTICLE 1. DEFINITIONS

The following terms have the meaning and content set forth in this Article wherever used in this Agreement, attached exhibits or attachments that are incorporated into this Agreement by reference.

1.1 Acquisition means vesting the Property in fee simple title to the DEVELOPER or L.P.

1.2 ADA means the Americans with Disabilities Act of 1990, as most recently amended.

1.3 Affirmative Marketing means a good faith effort to attract eligible persons of all racial, ethnic and gender groups, in the housing market area, to rent the Affordable Housing Units proposed for construction on the eligible Property, as hereinafter defined.

1.4 Affordability Period means the minimum period of 55-years commencing from the date the CITY enters project completion information into HUD's Integrated Disbursement and Information System (IDIS), which date will be provided to the DEVELOPER by the CITY and added as an administrative amendment hereto; the CITY agrees to enter project

completion information into IDIS within 30 days of CITY's receipt thereof.

1.5 Affordable Housing Units means all the units (excluding a manager unit) in the Project that are reserved for households whose income is between 30% to 80% of the area medium income for Fresno County as established by HUD. If other funding sources to the Project require a lower level of income, then the lower income limits shall apply.

1.6 Budget means the Budget for the development of the Project, attached hereto as EXHIBIT "C" – Project Budget, as may be amended upon the approval of the CITY Community Development Division provided any increase in HOME Funds hereunder requires City Council approval.

1.7 Certificate of Completion means that certificate issued, in the form attached as EXHIBIT "E" - Exemplar Certificate of Completion, to the DEVELOPER by the CITY evidencing completion of the Project and a release of construction related covenants for the purposes of the HOME Agreement.

1.8 CFR means the Code of Federal Regulations.

1.9 Commencement of Construction means the time the DEVELOPER or the DEVELOPER's construction contractor begins substantial physical work at the Property, including, without limitation, installation of fencing, grading, delivery of materials and any work beyond maintenance of the Property in its status quo condition, which shall take place in accordance with the Project Schedule.

1.10 Completion Date means the date the City has recorded a Certificate of Completion for the Project.

1.11 Debt Service means payments made in a calendar year pursuant to the financing obtained for the acquisition, construction, operation and/or ownership of the Project, but excluding residual receipts payments made pursuant to the HOME Note.

1.12 Declaration of Restrictions means the Declaration of Restrictions in the form attached hereto as EXHIBIT "D" - Exemplar Declaration of Restrictions, which contains the affordability covenants and income level restrictions of this Agreement which shall run with the land and which the DEVELOPER shall record or cause to be recorded against the Property no later than the date of Commencement of Construction.

1.13 Deed of Trust means that standard form Deed of Trust (including the security agreement) given by the DEVELOPER as Trustor, to the CITY as beneficiary, through escrow established by the DEVELOPER at its sole cost and expense with Old Republic Title Company, and recorded against the Property to ensure the HOME Note, together with the Deed of Trust in a substantially similar form attached as EXHIBIT "G" - Exemplar Deed of Trust and approved as to form by the City Attorney's Office, as well as any amendments to, modification of, and restatements of said Deed of Trust, which Deed of Trust may be subordinated to the Project's senior lenders per the Budget attached as EXHIBIT "C" - Project Budget. The terms of any such Deed of Trust are hereby incorporated into this Agreement by this reference.

1.14 Eligible Costs means the HOME eligible construction costs funded by the HOME Loan, consistent with the Project Budget attached as EXHIBIT "C", allowable under 24 CFR Part 92, as specified in 24 CFR 92.205 and 92.206, and not disallowed by 24 CFR

92.214, provided, however, that costs incurred in connection with any activity that is determined to be ineligible under the Program by HUD shall not constitute Eligible Costs.

1.15 Event of Default shall have the meaning assigned to such term under Section 10.1 hereunder.

1.16 Federal HOME Investment Partnerships Program Funds (also referred to in this Agreement as "HOME Funds" or "HOME Program Funds") means the federal HOME Program monies consisting of the Loan, in an amount not to exceed the sum of Three Million Dollars and 00/100 ($3,000,000.00) to be used for Eligible Costs consistent with the Project Budget.

1.17 Funding Sources means the CITY HOME Funds, conventional permanent loan, Developer's contribution, accrued/deferred interest, Low-Income Housing Tax Credit Equity, and any other funds that may become available to the Project.

1.18 Hazardous Materials means any hazardous or toxic substances, materials, wastes, pollutants or contaminants which are defined, regulated or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants" or "toxic substances" under federal or State environmental and health safety laws and regulations, including without limitation, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, radon, asbestos and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

1.19 Household means those persons, related or unrelated, who are occupying a Project Unit within the Project.

1.20 HOME-Assisted Units means 11 Project Units (three two-bed and eight three-bed) required to meet the affordability requirements of 24 CFR 92.252 for the duration of the Period of Affordability.

1.21 HUD means the United States Department of Housing and Urban Development.

1.22 Loan means the HOME Funds, in the total amount not to exceed Three Million Dollars and 00/100 ($3,000,000.00), the aggregate HOME per unit cap (24 CFR 92.250(a)), as amended for the 11 HOME-Assisted Units made available to the Project pursuant to this Agreement, as more specifically described in EXHIBIT "C" - Project Budget and EXHIBIT "F" – Exemplar Promissory Note. The Loan shall be payable in accordance with the terms of the Note, shall be secured by a deed of trust on the parcel constituting the Property, and shall be subject to the Deed of Trust attached as EXHIBIT "G"- Exemplar Deed of Trust Assignment of Rents.

1.23 Loan Documents means collectively the fully executed and/or recorded Agreement, Promissory Note, Deed of Trust, and Declaration of Restrictions, of which exemplars are attached hereto and all related documents/instruments as they may be amended, modified or restated from time to time along with all exhibits and attachments thereto, relative to the Loan.

1.24 Low or Lower-Income Household means Households whose annual income does not exceed 80% of the area median income for Fresno, California as determined by HUD.

1.25 Note means that certain Three Million Dollar and 00/100 ($3,000,000.00) HOME Loan Promissory Note in a principal amount not to exceed the HOME Program per unit cap (24 CFR 92.250(a)), as amended and as determined by the CITY, given by the DEVELOPER as promisor, in favor of the CITY as promisee, evidencing the Loan and performance of the affordability and other covenants and restrictions set forth in this Agreement, attached hereto as EXHIBIT "F" – Exemplar Promissory Note, secured by the Deed of Trust as a no worse than 3rd position lien upon the Property, naming the CITY as beneficiary and provided to the CITY, no later than the date of the Project funding hereunder, attached hereto as EXHIBIT "G" – Exemplar Deed of Trust, and incorporated herein, as well as any amendments to, modifications of, and restatements of said Note consented to by the CITY.

1.26 Operating Expenses means actual, reasonable and customary costs, fees and expenses directly incurred, paid and attributable to the operation, maintenance and management of the completed Project in a calendar year, including, without limitation; painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certifications, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchasing, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, fees and expenses of property management and common area expenses, fees and expenses of accountants, attorneys, and other professionals, the cost of tenant services, repayment of any completion or operating loans including any and all deferred contractor's fees per the Project Budget, made to the DEVELOPER, its successors or assignees, and other actual operating costs and capital costs which are incurred and paid by the Property, but which are not paid from reserve accounts.

1.27 Program Income has the meaning provided in 24 CFR 92.503.

1.28 Project Schedule means the schedule for commencement of construction, completion of construction, and lease up of the Project Units included in EXHIBIT "B" - Project Description and Schedule.

1.29 Project Units means the construction of 120 rental units of which 11 shall be HOME Affordable Housing Units preserved as HOME-Assisted Units, and one will be an on-site manager unit.

1.30 Property means the property located at 200 N. Salma Avenue, Fresno, CA 93727 (APN: 462-420-06 through 09) as more specifically described in EXHIBIT "A" - Legal Description.

1.31 Rent mean the total monthly payment a tenant pays for an Affordable Housing Unit including the following: use and occupancy of the Project Unit and land and associated facilities, including parking, provided by the DEVELOPER (other than parking services acquired by tenants on an optional basis), any separately charged fees or service charges assessed by the DEVELOPER which are required of all tenants (other than security

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deposits), the cost of an adequate level of service for utilities paid by the tenants (including garbage collection, sewer, water, common area electricity, but not telephone or internet service), any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than the DEVELOPER, and paid by the tenant. Rent does not include payments for any optional services provided by the Project.

1.32 Residual Receipts means Residual Receipts as defined in EXHIBIT "F" – Promissory Note.

1.33 Senior Financing means the senior financing set forth on the Project Budget and Finance Plan which shall be senior to the HOME Loan.

1.34 Senior Lender means lenders providing Senior Financing for the Affordable Housing Project.

1.35 Very Low-Income means, for the purpose of this Agreement, those households whose annual income does not exceed 50% of the area median income adjusted for family size for Fresno, California as established by HUD annually.

ARTICLE 2. TERMS OF THE LOAN

2.1 Loan of HOME Funds. The CITY agrees to provide a loan of HOME Funds to the DEVELOPER or its LP, in an amount not to exceed Three Million Dollars and 00/100 ($3,000,000.00) under the terms and conditions provided in this Agreement.

2.2 Loan Documents. The DEVELOPER shall execute, notarize, and deliver the Deed of Trust and Assignment of Rents and Declaration of Restrictions to Old Republic Title Company for recordation against the Property, as provided for in this Agreement, and deliver an original fully executed Promissory Note to the City.

2.3 Term of Agreement. This Agreement is effective upon the date of full execution and shall remain in force for the duration of the Project Period of Affordability unless earlier terminated as provided herein. At the end of the 55-year Period of Affordability, this Agreement expires. It is understood and agreed upon, however, if for any reason this Agreement should be terminated in whole or in part as provided hereunder, without default, the CITY agrees to record a Notice of Termination upon the written request of the DEVELOPER.

2.4 Loan Repayment and Maturity. The Loan will accrue interest commencing on the date of first disbursement and as provided for in the Promissory Note and shall be due and payable in accordance with the Promissory Note and in full no later than the Maturity date provided in the Promissory Note.

2.5 Incorporation of Documents. The DEVELOPER's HOME application dated July 13, 2023, the CITY Council approved Minutes dated _____, approving this Agreement, the Loan Documents, the Act and HUD regulations at 24 CFR Parts 85 (administrative requirements), 92 (HOME Program requirements), CPD 98-2 (cost allocations requirements) and all exhibits, attachments, documents and instruments referenced herein, as now in effect and as may be amended from time to time, constitute part of this Agreement and are incorporated herein by reference. All such documents have been provided to the parties herewith or have been otherwise provided to / procured by the parties and reviewed by each of them prior to execution hereof.

2.6 Covenants of DEVELOPER. The DEVELOPER for itself and its agents/assigns covenants and agrees to comply with all the terms and conditions of this Agreement and the requirements of 24 CFR Part 92, as amended.

2.7 Subordination. This Agreement, Declaration of Restrictions, and Deed of Trust Assignment of Rents may be subordinated to certain approved financing (in each case, a "Senior Lender"), to no worse than 3rd position, but only on condition that all of the following are satisfied: (a) all of the proceeds of the proposed Senior Loan, less any transaction costs, must be used to provide construction financing for the Project consistent with an approved financing plan; (b) the subordination agreement must provide the CITY with adequate rights to cure any defaults by the DEVELOPER including providing the CITY or its successor with copies of any notices of default; (c) upon a determination by the City Manager that the conditions in this Section have been satisfied, the City Manager or his/her designee will be authorized to execute the approved subordination agreement, inter-creditor agreements, standstill agreements, and/or other documents as may be reasonably requested by the Senior Lender to evidence subordination to the Project financing, without the necessity of any further Council action or approval provided that such agreements contain written provisions that are no more onerous and which are consistent with the customary standard requirements imposed by the financing source(s), on subordinate cash flow obligations under their then existing senior financing policies, and further provided that the City Attorney approves such document(s) as to form.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF DEVELOPER

3.1 Existence and Qualification. The DEVELOPER, represents and warrants to the CITY as of the date hereof, that the DEVELOPER is an existing Limited Partnership, a duly organized California limited partnership in good standing with the State of California; the DEVELOPER has the requisite power, right, and legal authority to execute, deliver, and perform its obligations under this Agreement and has taken all actions necessary to authorize the execution, delivery, performance, and observance of its obligations under this Agreement. This Agreement, when executed, notarized, recorded, and delivered or have delivered by the DEVELOPER to the CITY, is enforceable against the DEVELOPER in accordance with its respective terms, except as such enforceability may be limited by: (a) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar laws of general applicability affecting the enforcement of creditors' rights generally, and (b) the application of general principles of equity without the joinder of any other party.

3.2 No Litigation Material to Financial Condition. The DEVELOPER represents and warrants to the CITY as of the date hereof, except as disclosed to the CITY in writing, no litigation or administrative proceeding before any court or governmental body or agency is now pending, nor, to the best of the DEVELOPER's knowledge, is any such litigation or proceeding now threatened, or anticipated against the DEVELOPER that would have a material adverse effect on the financial condition, business, or assets of the DEVELOPER or on the operation of the Project.

3.3 No Conflict of Interest. The DEVELOPER represents and warrants to the CITY as of the date hereof, no officer, agent, or employee of the CITY directly or indirectly owns or controls any interest in the DEVELOPER, and no person, directly or indirectly owning or controlling any interest in the DEVELOPER, is an official, officer, agent, or employee of the

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CITY.

3.4 No Legal Bar. The DEVELOPER represents and warrants to the CITY as of the date hereof, the execution, delivery, performance, or observance by the DEVELOPER of this Agreement will not, to the best of the DEVELOPER's knowledge, materially violate or contravene any provisions of: (a) any existing law or regulation, or any order of decree of any court, governmental authority, bureau, or agency; (b) governing documents and instruments of the DEVELOPER; or (c) any mortgage, indenture, security agreement, contract, undertaking, or other agreement or instrument to which the DEVELOPER is a party or is binding on any of the DEVELOPER's properties or assets, the result of which would materially or substantially impair the DEVELOPER's ability to perform and discharge the DEVELOPER's obligations or the DEVELOPER's ability to complete the Project under this Agreement.

3.5 No Violation of Law. The DEVELOPER represents and warrants to the CITY as of the date hereof, to the best of the DEVELOPER's knowledge, this Agreement and the operation of the Project as contemplated by the DEVELOPER do not violate any existing federal, State or local laws of regulations.

3.6 No Litigation Material to Project. The DEVELOPER represents and warrants to the CITY as of the date hereof, except as disclosed to the CITY in writing, there is no action, proceeding, or investigation now pending, or any basis therefor known or believed to exist by the DEVELOPER that questions the validity of this Agreement or of any action to be taken under this Agreement, that would, if adversely determined, materially or substantially impair the DEVELOPER's ability to perform and observe its obligations under this Agreement, or that would either directly or indirectly have an adverse effect or impair the completion of the Project.

3.7 Assurance of Governmental Approvals and Licenses. The DEVELOPER represents and warrants to the CITY as of the date hereof, the DEVELOPER has obtained and, to the best of the DEVELOPER's knowledge, is in compliance with federal, State, and local governmental reviews, consents, authorizations, approvals, and licenses presently required by law for the Project.

ARTICLE 4. WARRANTIES AND COVENANTS OF THE DEVELOPER

4.1 Accessibility. The DEVELOPER covenants and agrees with the CITY that it shall comply with 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), including, without limitation, the construction of the entire Project so that it meets the applicable accessibility requirements, including, but not limited to, the following:

A. At least 5% of the Project Units, or at least six units, whichever is greater, must be constructed to be accessible for persons with mobility disabilities. An additional 2% of the Project Units, or at least three units, whichever is greater, must be accessible for persons with hearing or visual disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (U.F.A.S.) or a standard that is equivalent or stricter.

B. The design and construction requirements of the Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended), including the following seven

requirements of the Fair Housing Accessibility Guidelines:

i. Provide at least one accessible building entrance on an accessible route.
ii. Construct accessible and usable public and common use areas.
iii. Construct all doors to be accessible and usable by persons in wheelchairs.
iv. Provide an accessible route into and through the covered dwelling unit.
v. Provide light switches, electrical outlets, thermostats and other environmental controls in accessible locations.
vi. Construct reinforced bathroom walls for later installation of grab bars around toilets, tubs, shower stalls and shower seats, where such facilities are provided.
vii. Provide usable kitchens and bathrooms such that an individual who uses a wheelchair can maneuver about the space.

C. Title III of the Americans with Disability Act of 1990 (ADA) as it relates to the required accessibility of public and common use area of the Project.

D. The design and construction requirements of the CITY's Universal Design Ordinance pursuant to Fresno Municipal Code 11-110, including, but not limited to, the following requirements:

i. No step accessible entryway;
ii. All interior doorways and passageways at least 32 inches wide;
iii. One downstairs "flex room" and accessible bathroom with reinforcements for grab bars;
iv. Six square feet of accessible kitchen counter space; and
v. Hallways at least 42 inches wide.

4.2 Affirmative Fair Housing Marketing Plan and Tenant Selection Plan. The DEVELOPER warrants, covenants, and agrees that it shall comply with all affirmative marketing requirements, including without limitation, those set forth at 24 CFR 92.350 and 92.351, in order to provide information and attract eligible persons from all racial, ethnic and gender groups interested in the rental of available Project Units. The DEVELOPER shall maintain records of actions taken to affirmatively market Project Units and to assess the results of those actions. In addition, the Project shall implement a Tenant Selection Plan process outlining selection and screening criteria for eligible tenants applying to occupy a unit in the Project.

4.3 Availability of HOME Funds. The DEVELOPER understands and agrees that the availability of HOME Funds is subject to the control of HUD, or other federal agencies, and should said HOME Funds be encumbered, withdrawn or otherwise made unavailable to the CITY for the Project, whether earned by or promised to the DEVELOPER, and/or should the CITY in any fiscal year hereunder fail to allocate HOME Funds to the Project, the CITY shall not provide said HOME Funds unless and until HOME Funds are allocated to the CITY by HUD. No other funds owned or controlled by the CITY shall be obligated under this Agreement.

4.4 Compliance with Agreement. The DEVELOPER warrants, covenants, and agrees, in accordance with the requirements of 24 CFR 92.252 and 24 CFR Part 85, upon any uncured default by the DEVELOPER within the meaning of Article 10.1 of this Agreement, the CITY may terminate this Agreement and all other agreements with the DEVELOPER without waiver or limitation of rights/remedies otherwise available to the CITY.

4.5 Conflict of Interest. The DEVELOPER warrants, covenants, and agrees it shall comply with the Conflict-of-Interest requirements at 24 CFR 92.356, including without limitation, that no officer, employee, agent, or consultant of the DEVELOPER may occupy a Project Unit. The DEVELOPER understands and acknowledges that no employee, agent, consultant, officer, elected official, or appointed official of the CITY who exercises any functions or responsibilities with respect to the Project, or who is in a position to participate in a decision making process or gain inside information with regard to Project activities, may obtain a financial interest or benefit from the Project, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for him/herself or for anyone with which that person has family or business ties, during his/her tenure or for one year thereafter.

4.6 Construction Standards. The DEVELOPER shall construct the Project Units in compliance with all applicable local codes, ordinances, and zoning requirements in effect at the time of issuance of a City of Fresno building permits.

4.7 Covenants and Restrictions to Run with the Land. The DEVELOPER expressly warrants, covenants, and agrees to ensure that the covenants and restrictions set forth in this Agreement are recorded and will run with the land, provided, however, on expiration of this Agreement such covenants and restrictions shall expire. Project financing agreements may contain written provisions that are no more onerous, and which are consistent with customary standard requirements imposed by the financing source(s) on subordinate cash flow obligations under their then existing senior financing policies and further provide to the City Attorney's Office for approval as to form.

A. The CITY and DEVELOPER each hereby declares its understanding and intent that the covenants and restrictions set forth herein directly benefit the land by: (a) enhancing and increasing the enjoyment and occupancy of the proposed Project by certain Lower Income Households, and (b) making possible the obtaining of advantageous financing for construction.

B. The DEVELOPER covenants and agrees that after the CITY issuance of a recorded Certification of Completion for the Project and until the expiration of the Period of Affordability, it shall cause three HOME-Assisted Units to be rented to Very Low-Income households and eight HOME-Assisted Units to be rented to Low-Income households.

C. Without waiver or limitation, the CITY shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any covenants and restrictions, and shall, in addition, be entitled to damages available under law or contract for any injuries or losses resulting from any violations thereof.

D. All present and future owners of the Project Property and other person(s) claiming by, through or under them shall be subject to, and shall comply

with the covenants and restrictions. The acceptance of a deed of conveyance to the Property shall constitute an agreement that the covenants and restrictions, as may be amended or supplemented from time to time, are accepted and ratified by such future owner(s), tenant(s) or occupant(s), and all such covenants and restrictions shall be covenants running with the land and shall bind any person(s) having at any time any interest or estate in the Property, all as though such covenants and restrictions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof.

E. The failure or delay at any time of the CITY or any other person entitled to enforce any such covenants or restrictions shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.

4.8 Displacement of Persons. The DEVELOPER covenants and agrees that pursuant to 24 CFR 92.353, the DEVELOPER shall take all reasonable steps to minimize the displacement of any person(s) (families, individuals, businesses, nonprofit organizations, and farms). The DEVELOPER and the CITY acknowledge and agree that the Property located at 200 Salma Avenue, Fresno, CA 93727 is vacant undeveloped land.

4.9 Initial and Annual Income Certification and Reporting. The DEVELOPER covenants and agrees that the DEVELOPER shall comply with the procedures for annual income determination at 24 CFR 92.203. The DEVELOPER shall obtain, complete, and maintain on file immediately prior to initial occupancy, and annually thereafter, income certifications from the Project Unit Household. The DEVELOPER, shall make a good faith effort to verify that the income provided by an applicant or occupying Household in an income certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the three most recent pay periods; (2) obtain an income verification form from the applicant's current employer; (3) obtain an income verification form from the Social Security Administration and California Department of Social Services if the applicant receives assistance from either of such agencies; (4) obtain income tax return for the most recent three years; or (5) if the applicant is unemployed, obtain another form of independent verification. Copies of Household income certification and verification must be available for review and approval by the CITY prior to and/or at initial lease up. The DEVELOPER further warrants, covenants, and agrees that it will cooperate with the CITY in the CITY's annual income recertification/affordability monitoring activities.

4.10 Lead-Based Paint. The DEVELOPER covenants and agrees that it shall comply with all applicable requirements of the Lead-Based Paint Poisoning Prevention Act of 42 U.S.C. 4821 et seq., 24 CFR Part 35, including the HUD 1012 Rule, and 24 CFR 982.401(j), and any amendment thereto, and Environmental Protection Agency ("EPA") Section 402 (c)(3) of the Toxic Substances Control Act ("TSCA") to address lead-based hazards created by renovation, repair, and painting activities that disturb lead-based paint in target housing and child-occupied facilities. Contractors performing renovations in lead-based paint units must be EPA-certified renovators. These requirements apply to all Project Units and common areas of the Project. The DEVELOPER shall incorporate or cause incorporation of this provision in all contracts and subcontracts for work performed on the Project, which involve the application of paint. The DEVELOPER shall be responsible for all disclosure, inspection, testing, evaluation, and control and abatement activities.

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4.11 Minority Outreach Activities. The DEVELOPER covenants and agrees that it shall comply with all federal laws and regulations described in Subpart H of 24 CFR Part 92, including, without limitation, any requirement that the DEVELOPER comply with the CITY's minority outreach program.

4.12 Other Laws and Regulations. The DEVELOPER covenants and agrees in addition to complying with the federal laws and regulations already cited in this Agreement, the DEVELOPER shall comply with, and require all its contractors and subcontractors on the Project to comply with, all other federal laws and regulations that apply to the HOME Program, including, without limitation, requirements of 24 CFR 58.6 and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001-4128) and the following:

A. The DEVELOPER does not intend to use any financing that is secured by a mortgage insured by HUD in connection with the Project as part of its land acquisition and construction of the Project.

B. The Project is not located in a tract identified by the Federal Emergency Management Agency as having special flood requirements.

C. The Project requirements, Subpart F of 24 CFR Part 92, as applicable and in accordance with the type of Project assisted, including, but not limited to, the HOME per-unit subsidy amount at 24 CFR 92.250, as amended.

D. The property standards at 24 CFR 92.251.

E. The Project "Labor" requirements, as applicable, of 24 CFR 92.354 including Davis Bacon prevailing wage requirements (40 U.S.C. 276a - 276a-7), as supplemented by Department of Labor regulations (29 CFR Part 5).

F. The provisions of Section 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor Regulations (29 CFR Part 5), regarding the construction and management of the proposed Project.

G. The DEVELOPER and its contractors, subcontractors and service providers for the Project, shall comply with all applicable local, State and federal requirements concerning equal employment opportunity, including compliance with Executive Order (E.O.) 11246, "Equal Employment Opportunity", as amended by E.O. 11375, (amending E.O. 11246 Relating to Equal Employment Opportunity), and as supplemented by regulations at 41 CFR chapter 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor".

H. The provisions of the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States").

I. The provisions of the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended.

J. The provisions of the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

K. The provision of E.O.s 12549 and 12689, "Debarment and Suspension,"

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as set forth at 24 CFR Part 24.

L. The provisions of the Drug-Free Workplace Act of 1988 (42 U.S.C. 701), in accordance with the Act and with HUD's rules at 24 C.F.R. Part 24, subpart F.

M. Title 8 of the Civil Rights Act of 1968 PL. 90-284.

N. E.O. 11063 on Equal Opportunity and Housing.

O. Section 3 of the Housing and Urban Development Act of 1968.

P. The Housing and Community Development Act of 1974.

Q. Clean Water Requirements 33 U.S.C. 1251.

R. Civil Rights Requirements, 29 U.S.C. 623, 42 U.S.C. 2000, 42 U.S.C. 6102, 42 U.S.C 12112, 42 U.S.C. 12132, 49 U.S.C 5332, 29 C.F.R. Part 1630, 41 C.F.R. and Part 60 et seq.

S. Violence Against Women Act (VAWA), 24 CFR Part 92.359 and 24 CFR Part 92.504(c)(3)(v)(F), including but not limited to notice requirements, obligations under emergency transfer plan, bifurcation of lease requirements, imposition of requirements for the duration of the HOME period of affordability, and inclusion of VAWA lease addendum requirements.

T. Broadband infrastructure requirements for new housing and rehabilitation projects as set forth in 24 CFR Part 92.251.

U. Radon Gas contamination analysis requirements at 24 CFR Part 58.5(i).

V. Housing Opportunity Through Modernization Act (HOTMA) underwriting requirements at 24 CFR Part 5 and 24 C.F.R. Part 891 (Sections 102, 103, and 104).

W. Build America, Buy America (BABA) at 2 CFR 184.

X. National Standards for the Physical Inspection of Real Estate (NSPIRE) at 24 CFR Part 5, Subpart G.

4.13 Faith Based Activities. The DEVELOPER warrants, covenants, and agrees that it shall not engage in any prohibited activities described in 24 CFR Part 92.257.

4.14 Reporting Requirements. The DEVELOPER warrants, covenants, and agrees that it shall submit performance reports to the CITY as detailed in Section 7.18. Furthermore, the DEVELOPER agrees to provide at its sole cost, an annual audited Financial Statement and residual receipts calculation for the Project expenses and ongoing financial transactions which occur as a result of this Agreement and as detailed in Section 5.7. The DEVELOPER agrees to account for the expenditure of HOME Funds using generally accepted accounting principles, which financial documentation shall be made available to the CITY and HUD upon their respective written request(s).

4.15 Housing Affordability. The DEVELOPER covenants and agrees that 11 of the Project Units will be HOME-Assisted Units for Very Low- and Low-Income Households and shall comply with other requirements at 24 CFR Part 92.252 during the Period of Affordability. Three Project Units shall be rented to and occupied by, or, if vacant, available for rental and occupancy by (a) person(s) whose annual household income at the time of initial occupancy

is not greater than 50% of the most recent annual median income calculated and published by HUD for the Fresno Metropolitan Statistical Area (MSA) applicable to such household size, and at an affordable rent consistent with HOME Program regulations, for the Period of Affordability except upon foreclosure or other transfer in lieu of foreclosure following default under a Deed of Trust. Eight Project Units shall be rented to and occupied by or, if vacant available for rental and occupancy by (a) person(s) whose annual household income at the time of initial occupancy is not greater than 80% of the most recent annual median income calculated and published by HUD for the Fresno (MSA) applicable to such household size, and at an affordable rent consistent with HOME Program regulations, for the Period of Affordability except upon foreclosure or other transfer in lieu of foreclosure following default under a Deed of Trust. However, if at any time following a transfer by foreclosure or transfer in lieu of foreclosure, but still during the Period of Affordability, the owner of record prior to the foreclosure or transfer in lieu of foreclosure, or any newly formed entity that includes such owner of record those whom such owner of record has or had business ties, obtains an ownership interest in the Project or the Property, the Period of Affordability shall be revived according to its original terms. In the event the DEVELOPER fails to comply with this Section 4.15, or the Period of Affordability is not revived following transfer by foreclosure or transfer in lieu of foreclosure, the DEVELOPER shall return to the CITY all HOME Funds disbursed to the DEVELOPER for the Project by the CITY.

4.16 Terminated Projects. The DEVELOPER understands and agrees if the Project is terminated before completion, either voluntarily or otherwise, such constitutes an ineligible activity, and the CITY will not provide any further HOME Program assistance to the Project.

ARTICLE 5. PROPERTY MAINTENANCE

5.1 Adequate Repair and Maintenance. The DEVELOPER during its time on title shall cause the maintenance of the Project and Property to be in compliance with all applicable codes, laws, and ordinances. The CITY reserves the right to require the DEVELOPER to change the property management company for the Property if the CITY determines through annual property monitoring that the property management company is not performing satisfactorily.

5.2 Affordable Rental Housing. The DEVELOPER covenants and agrees the Project shall include a total of 11 HOME-Assisted Units for rent and preserved as "floating" Very Low- to Low-Income rental housing as provided at 24 CFR Part 92.252 during the entire Period of Affordability. This covenant shall remain in effect and run with and restrict the land during the entirety of Period of Affordability. In the event the DEVELOPER fails to comply with the time period in which the HOME-Assisted Units constitute affordable housing, the CITY shall, without waiver or limitation, be entitled to injunctive relief, as the DEVELOPER acknowledges that damages are not adequate remedy at law for such breach.

5.3 Compliance with Environmental Laws. The DEVELOPER shall cause the Project Units to be in compliance with, and not to cause or permit the Project to be in violation of, any Hazardous Materials law, rule, regulation, ordinance, or statute. Although the CITY will utilize its employees for regular inspection and testing of the Property, the DEVELOPER agrees, if the CITY has reasonable grounds to suspect any such violation, the DEVELOPER shall be entitled to 30 days' notice and opportunity to cure such violation. If the suspected violation is not cured, the CITY shall have the right to retain an independent consultant to

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inspect and test the Property for such violation. If a violation is discovered, the DEVELOPER shall pay for the reasonable cost of the independent consultant.

Additionally, the DEVELOPER agrees:

A. The CITY shall not be directly or indirectly responsible, obligated or liable with the inspection, testing, removal or abatement of asbestos or other hazardous or toxic chemicals, materials, substances, or wastes and that all cost, expense and liability for such work shall be and remain solely with the DEVELOPER;

B. Not to transport to, or from, the Property, or use, generate, manufacture, produce, store, release, discharge, or dispose of on, under, or about the Property, or surrounding real estate, or transport to or from the Project site, or surrounding real estate, any hazardous or toxic chemicals, materials, substance, or wastes or allow any person or entity to do so except in such amounts and under such terms and conditions permitted by applicable laws, rules, regulations, ordinances, and statutes;

C. To give prompt written notice to the CITY of the following:

(i) Any proceeding or inquiry by any governmental authority with respect to the presence of any hazardous or toxic chemicals, materials, substance or waste in or on the Property or the surrounding real estate or the migration thereof from or to another property; and

(ii) Claims made or threatened by any third party against the DEVELOPER, or such properties relating to any loss or injury resulting from any hazardous or toxic chemicals, materials, substance or waste; and

(iii) The DEVELOPER's discovery of any occurrence or condition on any real property adjoining or in the vicinity of such properties that would cause such properties or underlying or surrounding real estate or part thereof to be subject to any restrictions on the ownership, occupancy, transferability, or use of the property under any environmental law, rule, regulation, ordinance or statute.

D. To indemnify, defend, and hold the CITY harmless from any and all claims, actions, causes of action, demand, judgments, damages, injuries, administrative orders, consent agreements, orders, liabilities, penalties, costs, expenses (including attorney's fees and expenses), and disputes of any kind whatsoever arising out of or relating to the DEVELOPER or any other party's use or of the release of any hazardous or toxic chemicals, materials, substance, or waste on the Property regardless of cause or origin, including any and all liability arising out of or relating to any investigation, site monitoring, containment, cleanup, removal, restoration, or related remedial work of any kind or nature.

5.4 Compliance with Laws. The DEVELOPER shall promptly and faithfully comply with, conform to, and obey all present and future federal, State and local statutes, regulations, rules, ordinances and other legal requirements applicable by reason of this Agreement or otherwise to the Project including without limitation prevailing wage requirements. The DEVELOPER acknowledges that the use of HOME Funds subjects the Project to extensive federal regulation and covenants and agrees that it shall comply with, conform to, and obey

(and take steps required of the DEVELOPER to enable the CITY to comply with, conform to, and obey) all federal statues, regulations, rules, and policies applicable to the Project.

5.5 Construction Standards. In the absence of existing applicable State or local code requirements and ordinances, the DEVELOPER shall at a minimum comply with all inspectable items and areas specified by HUD based on the HUD physical inspection procedures (24 CFR Part 92.2, Uniform Physical Condition Standards [UPCS]) prescribed by HUD pursuant to 24 CFR Part 5.705. UPCS means uniform national standards established by HUD pursuant to 24 CFR Part 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas, but do not require the use of any scoring, item weight, or level of criticality.

5.6 Existence, Qualification, and Authority. The DEVELOPER shall provide to the CITY any evidence required or requested by the CITY to demonstrate the continuing existence, qualification, and authority of the DEVELOPER to execute this Agreement and to perform the acts necessary to carry out the Project.

5.7 Financial Statements and Audits. The DEVELOPER, at its sole cost and expense, shall annually, within 180 days following: 1) the end of fiscal year(s) in which the HOME Funds are disbursed hereunder, 2) the end of fiscal year(s) in which this Agreement shall terminate, or 3) upon the CITY's written request during the term of this Agreement, submit to the CITY:

A. Audited annual Financial Statements with notes that are current, signed, and prepared according to generally accepted accounting principles consistently applied (except as otherwise disclosed therein).

B. Audited Financial Statements with the management notes covering the income and expenses, and the financial transactions for the Project during the prior fiscal year.

C. Residual Receipts calculation and disbursements for the year.

5.8 Inspection and Audit of Books, Records and Documents. The DEVELOPER shall account for all HOME Funds disbursed for the Project pursuant to this Agreement. Any duly authorized representative of the CITY or HUD shall, at all reasonable times, have access to, and the right to inspect, copy, make excerpts or transcripts, audit, and examine all books of accounts, records, files, and other papers, electronic documents, or property, and other documents of the DEVELOPER pertaining to the Project or all matters covered in this Agreement and for up to six years after the expiration or termination of this Agreement.

A. The DEVELOPER will maintain books and records for the Project using generally accepted accounting principles. The DEVELOPER agrees to maintain books and records that accurately and fully show the date, amount, purpose, and payee of all expenditures financed with HOME Funds and to keep all invoices, receipts and other documents related to expenditures financed with HOME Funds for not less than six (6) years after the expiration or termination of this Agreement. Books and records must be kept accurate and current. For purposes of this section, "books, records, and documents" include, without limitation; plans, drawings, specifications, ledgers, journals, statements, contracts/agreements, funding information, funding

applications, purchase orders, invoices, loan documents, computer printouts, correspondence, memoranda, and electronically stored versions of the foregoing. This section shall survive the termination of this Agreement.

B. The CITY may audit any conditions relating to this Agreement at the CITY's expense, unless such audit shows a significant discrepancy in information reported by the DEVELOPER in which case the DEVELOPER shall bear the cost of such audit. The DEVELOPER shall also comply with any applicable audit requirements of 24 CFR Part 92.506. This section shall survive the termination of this Agreement.

C. The DEVELOPER will cooperate fully with the CITY and HUD in connection with any interim or final audit relating to the Project that may be performed relative to the performance of this Agreement.

5.9 Inspection of Property. Any duly authorized representative of the CITY or HUD shall, at all reasonable times and with seventy-two (72) hours' written notice, have access and the right to inspect the Property until completion of the Project and expiration of the applicable Period of Affordability, subject to the rights of the tenants.

5.10 No Other Liens. The DEVELOPER shall not create or incur, or suffer to be created or incurred, or to exist, any additional mortgage, pledge, lien, charge, or other security interest of any kind on the Property, other than those related to the Project's construction loans in relation to the construction of the Project, consistent with the attached Project Budget, without the prior written consent of the CITY.

5.11 Nondiscrimination. The DEVELOPER shall comply with and cause any and all contractors and subcontractors to comply with federal, State, and local laws with regard to illegal discrimination, and the DEVELOPER shall not illegally discriminate against any person(s) on account of race, religion, sex, family status, age, handicap, or place of national origin in performance of this Agreement and the completion of the Project.

5.12 Ownership. Except as required in pursuit hereof, the DEVELOPER shall not sell, lease, transfer, assign or otherwise dispose (Transfer) all or any material part of any interest it might hold in the Property or the Project without the prior written consent of the CITY, which consent shall not be unreasonably withheld or delayed. "Transfer" shall exclude the leasing of any single Project Unit in the Project.

A. The DEVELOPER shall request the CITY's written approval of the granting of the security interests in the Property described in Section 5.10 above.

B. The DEVELOPER anticipates syndicating the Low-Income Housing Tax Credits allocated to the Project which will require the transfer of the limited partnership interests. The CITY hereby approves the initial transfer of the limited partner interest to affiliates of the investor, provided that in each instance the CITY is given prior written notice.

5.13 Payment of Liabilities. The DEVELOPER shall pay and discharge in the ordinary course of its business all material obligations and liabilities, the nonpayment of which could have a material or adverse impact on its financial condition, business, or assets or on the operation of the Project, except those obligations and liabilities that have been

disclosed to the CITY in writing and are being contested in good faith.

5.14 Report of Events of Default. The DEVELOPER shall promptly give written notice to the CITY upon becoming aware of any Event of Default under this Agreement.

ARTICLE 6. DISBURSEMENT OF HOME FUNDS

6.1 Loan Commitments and Financing Plan. The DEVELOPER shall submit its most current Finance Plan for the Project to the CITY prior to Council approval and as other funding sources become part of the Project Budget. The City shall approve the Finance Plan so long as the Plan is consistent with the Project Budget contained in EXHIBIT "C". The CITY shall accept the Finance Plan and supporting documentation such as commitment letters, letters of credit, agreements, and resolutions for proposed funding to the Project. If the CITY disapproves the Finance Plan, the CITY will specify the reason for the disapproval and ask the DEVELOPER to provide additional information the CITY may need to approve the Finance Plan.

6.2 Finance Plan Content. The Finance Plan shall contain all Project pre-construction, post-construction, and permanent loans or letters of commitment from one or more qualified public/private lenders or funding sources in sufficient amounts, combined with any other financing, for the DEVELOPER to complete construction of the Project. The total amount of the liens to be recorded against the Property as presented in the Finance Plan shall not exceed the DEVELOPER's estimated construction Budget.

6.3 Use of HOME Funds. The DEVELOPER warrants, covenants, and agrees it shall request HOME Funds only for reimbursement of Eligible Costs incurred as identified in the itemized Project Budget, attached hereto as EXHIBIT "C", including costs allowable under 24 CFR Part 92.206, aggregating not more than Three Million Dollars and 00/100 ($3,000,000.00).

A. If any such HOME Funds shall be determined to have been requested and/or used by the DEVELOPER for costs other than for Eligible Costs, and subject to the notice and cure provisions of Section 10.2 hereunder, an equal amount from nonpublic funds shall become immediately due and payable by the DEVELOPER to the CITY; provided, however, the DEVELOPER shall, subject to its full cooperation with the CITY, be entitled to participate in any opportunity to remedy, contest, or appeal such determination.

B. In the event HOME Funds requested to reimburse Eligible Costs which subsequently lose eligibility as Eligible Costs, the DEVELOPER shall immediately return an equal amount of nonpublic funds to the CITY.

C. The CITY will disburse HOME Funds to the DEVELOPER through proper invoicing for Eligible Costs as provided in this Article 6.

6.4 Conditions Precedent to Disbursement. The CITY shall not be obligated to make or authorize any disbursements of HOME Funds unless the following conditions are satisfied:

A. There exists no Event of Default as provided in Article 10, nor any act, failure, omission or condition that with the passage of time or the giving of notice or both would constitute an Event of Default.

B. The DEVELOPER has received and delivered to the CITY firm commitments of, or Agreements for, sufficient funds to finance the Project.

C. The DEVELOPER has obtained insurance coverage and delivered it to the City for approval as evidence of insurance as required in Article 9.

D. The DEVELOPER is current with its compliance of reporting requirements set forth in this Agreement.

E. The CITY has received certification required by Section 6.6 of this Agreement.

F. The CITY has received and continues to have the right to disburse HOME Funds.

6.5 Requests for Disbursement of HOME Funds. The DEVELOPER shall request reimbursement for Eligible Costs using the CITY Request for Disbursement of Funds form. All written requests shall provide in detail such Eligible Costs applicable to the request. All requests for the disbursement of HOME Funds shall be accompanied with the Certifications required by Section 6.6 of this Agreement. Upon a complete and legible invoice packet, the CITY shall approve the request for reimbursement of Eligible Costs.

6.6 DEVELOPER Certification. The DEVELOPER shall submit to the CITY a written certification that, as of the date of the Request for Disbursement (Certification):

A. The representations and warranties contained in or incorporated by reference in this Agreement continue to be true, complete, and accurate in material respects; and

B. All obligations or covenants specified in this Agreement, to the extent that such obligations or covenants are required to have been carried out or are applicable, are in compliance; and

C. It has not committed or suffered an act, event, occurrence, or circumstance that constitutes an Event of Default or that with the passage of time or giving of notice or both would constitute an Event of Default; and

D. HOME Funds received shall be used solely for reimbursement of Eligible Costs identified in this Agreement and must be supported by the itemized obligations that have been properly incurred, expended, invoiced, and are properly chargeable in connection with construction of the Project Budget.

6.7 Disbursement of Funds. The disbursement of HOME Funds shall occur within the normal course of CITY business (approximately 30 days) after the CITY receives the Certification and signed and dated Request for Disbursement form with correct and legible supporting documentation and to the extent of annually allocated and available HOME Funds.

ARTICLE 7. CONSTRUCTION OF THE PROJECT

Without waiver of limitation, the parties agree as follows:

7.1 Pre-Construction Meeting Regarding HOME Program Processes and Procedures. The CITY may schedule, and the DEVELOPER shall attend or the DEVELOPER

may schedule, and the CITY shall attend a meeting prior to construction for the purpose of outlining the Project processes and procedures.

7.2 Commencement and Completion of Project. The DEVELOPER shall commence construction of the Project, and when completed, record a Notice of Completion of construction of the Project in accordance with the Project Schedule as identified in EXHIBIT "B" - Project Description and Schedule, and provide the CITY with a copy of the recordation.

7.3 Contracts and Subcontracts. Consistent with Section 5.3, all hazardous waste abatement, construction work and professional services for the Project shall be performed by persons or entities licensed or otherwise legally authorized to perform the applicable work or service in the State of California and the City of Fresno. The DEVELOPER shall provide the CITY with copies of all agreements it has entered into with any and all general contractors or subcontractors for this Project. The DEVELOPER shall require that each such general contractor agreement contain a provision whereby the party(ies) to the agreement, other than the DEVELOPER, agree to: (i) notify the CITY immediately of any event of default by the DEVELOPER thereunder, (ii) notify the CITY immediately of the filing of a mechanic's lien, (iii) notify the CITY immediately of termination or cancellation of the construction agreement on the Project, and (iv) provide the CITY, upon the CITY's request, an Estoppel Certificate certifying that the agreement is in full force and effect and the DEVELOPER is not in default thereunder. The DEVELOPER agrees to notify the CITY immediately of termination or cancellation of any such agreement(s), notice of filing of a mechanic's lien, or breach or default by other party(ies) thereto.

7.4 Damage to Property. To the extent consistent with the requirements of any permitted encumbrance, or as otherwise approved by the CITY, and subject to Article 9 of this Agreement, if any building or improvement constructed on the Property is damaged or destroyed by an insurable cause, the DEVELOPER shall, at its cost and expense, diligently undertake to repair or restore said buildings and improvements consistent with the original Plans and Specifications of the Project. Such work or repair shall occur within 90 days after the insurance proceeds are made available to the DEVELOPER and shall be completed within two years thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, the DEVELOPER shall use its best efforts to make up the deficiency.

7.5 Fees, Taxes and Other Levies. The DEVELOPER shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any governing public agency or utility company with respect to the Property or the Project and shall pay such charges prior to delinquency. However, the DEVELOPER shall not be required to pay and discharge any such charge so long as: (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the CITY, the DEVELOPER deposits with the CITY any funds or other forms of assurances that the CITY, in good faith, may determine from time to time are appropriate to protect the CITY from the consequences of the contest being unsuccessful. The DEVELOPER shall have the right to apply for and obtain an abatement and/or exemption of the Project from real property taxes in accordance with all applicable rules and regulations, including Section 214(g) of the California Revenue and Taxation Code.

7.6 Financing. The DEVELOPER shall promptly inform the CITY of any new financing or funding not included in the budget and provide the CITY with copies of all financing agreements for the Project. The DEVELOPER shall require each funding agreement not included in the Project Budget to contain a provision whereby the party(ies) to the agreement other than the DEVELOPER, agree to notify the CITY immediately of any event of default by the DEVELOPER thereunder. Should the DEVELOPER not comply with the obligations of this section, the Loan shall become immediately due and payable as provided for in this Agreement. This Section shall survive expiration or termination of this Agreement.

7.7 Identification Signage. Before the start of construction and for the duration of construction, the DEVELOPER shall have in place a four-foot by four-foot sign with a minimum font size of four inches, at the front of the construction site, identifying the City of Fresno, Planning and Development Department, Housing and Community Development Division as a Project participant. The sign shall also include the CITY Housing logo, as well as the Equal Housing Opportunity logo, as mandated by HUD.

7.8 Inspections. The DEVELOPER shall permit, facilitate, and require its contractors and consultants to permit and facilitate observation and inspection of the Project site by the CITY and other governing public agencies during construction hours, for the purpose of determining compliance with this Agreement, including without limitation those annual on-site Property inspections required of HUD at 24 CFR Part 5, Subpart G, specifically 5.701 through 5.713.

7.9 Utilities. The DEVELOPER shall be responsible, at its sole cost and expense, to determine the location of any utilities on the Property, to negotiate with the utility providers for service, and to relocate utilities, if any, as necessary to complete the Project.

7.10 Insurance and Bonds. The DEVELOPER shall submit for CITY Risk Management approval applicable endorsements for insurances, bonds, and certificates as required by this Agreement in accordance with Article 9.

7.11 Mechanic's Liens and Stop Notices. If any claim of lien is filed against the Property or a stop notice affecting any financing, HOME Funds, or funding sources for the Project, is served upon the CITY or any other third party in connection with the Project, the DEVELOPER shall, within 20 days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the CITY a surety bond in sufficient form and amount, or provide the CITY with other assurance satisfactory to the CITY that the claim of lien or stop notice will be paid or discharged.

A. If the DEVELOPER fails to discharge, bond or otherwise satisfy the CITY with respect to any lien, encumbrance, charge or claim referred to in Section 7.11 above, then, in addition to any other right or remedy, the CITY may, but shall not be obligated to, discharge such lien, encumbrance, charge, or claim at the DEVELOPER's expense. Alternatively, the CITY may require the DEVELOPER to immediately deposit with the CITY the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The CITY may use such deposit to satisfy any claim or lien that is adversely determined against the DEVELOPER. The DEVELOPER hereby agrees to indemnify and hold the CITY harmless from liability for such liens, encumbrances, charges or claims together with all related costs and

expenses.

7.12 Permits and Licenses. The DEVELOPER shall submit, for CITY approval, all the necessary permits and licenses required for Commencement of Construction. As the CITY may reasonably request, the DEVELOPER, at its sole cost and expense, shall provide to the CITY copies of any and all permit approvals and authorizations including plot plan, plat, zoning variances, sewer, building, grading, demolition, and other permits required by governmental authorities other than the CITY in pursuit of the Project, and for its stated purposes in accordance with all applicable building, environmental, ecological, landmark, subdivision, zoning codes, laws, and regulations.

7.13 Plans and Specifications. The DEVELOPER has submitted to the CITY preliminary plans and specifications for the Project under P22-04203 (Project Preliminary Plans).

A. This Agreement shall contain by reference the design and site plan of the Project; such design must be approved by the CITY Council with the HOME Agreement.

B. Before Commencement of Construction, the DEVELOPER shall submit to the CITY, for its review and approval, the final Plans and Specifications for the Project. The DEVELOPER will construct the Project in full conformance with the Plans and Specifications and modifications thereto approved by the CITY. The DEVELOPER shall obtain the CITY's prior written approval for any modifications to the Plans and Specifications.

7.14 Project Responsibilities/Public Work-Prevailing Wage Requirements. The DEVELOPER shall be solely responsible for all aspects of the DEVELOPER's conduct in connection with the Project, including but not limited to, compliance with all local, State, and federal laws including without limitation, as to prevailing wage and public bidding requirements. The Council of the City of Fresno has adopted Resolution No. 82-297 ascertaining the general prevailing rate of per diem wages and per diem wages for holidays and overtime in the Fresno area for each craft, classification or type of workman needed in the execution of contracts for the CITY. A copy of the resolution is on file at the Office of the City Clerk, City Hall, second floor. Actual wage schedules are available upon request at the City's Construction Management Office, 1721 Van Ness Avenue. Without limiting the foregoing, the DEVELOPER shall be solely responsible for the quality and suitability of the work completed and the supervision of all contracted work, qualifications, and financial conditions of and performance of all contracts, subcontractors, consultants, and suppliers. Any review or inspection undertaken by the CITY with reference to the Project and/or payroll monitoring/auditing is solely for the purpose of determining whether the DEVELOPER is properly discharging its obligation to the CITY and shall not be relied upon by the DEVELOPER or by any third parties as a warranty or representation by the CITY as to governmental compliance and/or the quality of work completed for the Project.

7.15 Property Condition. The DEVELOPER shall maintain the Project and all improvements on site in reasonably good condition and repair (and, as to landscaping, in a healthy condition), according to the basic design and related plans, as amended from time to time. The DEVELOPER and those taking direction under the DEVELOPER shall: (i) maintain on-site improvements according to other applicable laws, rules, governmental

agencies and bodies having or claiming jurisdiction and their respective departments, bureaus, and officials; (ii) keep the improvements free from graffiti; (iii) keep the Project Property free from any accumulation of debris or waste material; (iv) promptly make repairs and replacements to on-site improvements; (iv) promptly replace any dead, or diseased plants and/or landscaping (if any) with comparable materials, and (v) enforce tenant lease terms.

7.16 Quality of Work. The DEVELOPER shall ensure that construction of the Project employs building materials of a quality suitable for the requirements of the Project. The DEVELOPER shall cause completion of the construction of the Project on the Property in full conformance with applicable local, State, and federal laws, statutes, regulations, and building and safety codes.

7.17 Relocation. If and to the extent the construction of the proposed Project results in the permanent or temporary displacement of residential tenants, the DEVELOPER shall comply with all applicable local, State, and federal statutes and regulations with respect to relocation, advisory assistance, and payment of monetary benefits. The DEVELOPER shall be solely responsible for payment of any relocation benefits to any displaced person(s) and other obligations associated with complying with said relocation laws.

7.18 Reporting Requirements. The DEVELOPER shall submit to the CITY the following Project reports:

A. From the date of execution of this Agreement, until issuance of the recorded Certificate of Completion, the DEVELOPER shall submit a Quarterly Report, in a form approved by the CITY, which will include, at a minimum, progress of the Project and affirmative marketing efforts made during the report period. The Quarterly Reports are due, end of day, every fifteen (15) days after each March 31st, June 30th, September 30th, and December 31st, during said period.

B. Annually, beginning on the first day of the month following the CITY's issuance of the recorded Certificate of Completion, and continuing until the termination of the Agreement, the DEVELOPER shall submit an Annual Rent Roll Report to the CITY, in a form approved by the CITY. The Annual Rent Roll Report shall include, at a minimum, the following information: occupant of each Project Unit, annual income, household size, date occupancy commenced, and certification from an officer of the DEVELOPER that the Project is in compliance with the Affordability requirements. In addition to other information the CITY may be required by law to obtain. The DEVELOPER shall provide additional information requested by the CITY upon written request and/or at the annual monitoring of the Property.

C. Annually, beginning on the first day of the month following the CITY's issuance of the recorded Certificate of Completion, evidencing the construction completion of the Project, and continuing until the expiration of the Agreement, the DEVELOPER shall submit proof of property and liability insurance, as required in Article 9, listing the CITY as loss payee.

7.19 Scheduling and Extension of Time; Unavoidable Delay in Performance. It shall be the responsibility of the DEVELOPER to coordinate and schedule the work to be performed so that the completion of construction and recordation of the Notice of Completion

will take place in accordance with the provisions of this Agreement and as outlined in EXHIBIT "B" - Project Description and Schedule. The time for performance contained in the Project Description and Schedule shall be automatically extended upon the following:

A. The time for performance of provisions of this Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Project or this Agreement which is caused by: war, insurrection, strike or other labor disputes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of a public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, suits filed by third parties concerning or arising out of this Agreement, or unseasonable weather conditions ("force majeure"). An extension of time for any of the above specified causes will be granted only if written notice by the party claiming such extension is sent to the other party within ten calendar days from the date the affected party learns of the commencement of the cause and the resulting delay, and such extension of time is accepted by the other party in writing. In any event, the Project must be completed no later than 180 calendar days after the scheduled completion date specified in this Agreement, notwithstanding any delay caused by that included in this Section.

B. Any extensions hereunder shall be by mutual written agreement of the CITY Community Development Division Manager and the DEVELOPER, which shall not cumulatively exceed 180 days. Any day beyond 180 days shall require an amendment to this Agreement and Project Schedule approved by City Council at a regularly scheduled meeting.

7.20 Certificate of Completion. Upon completion of the construction of the Project, the DEVELOPER shall submit to the CITY: 1) certification in writing that the Project has been substantially constructed in accordance with the plans and specifications, approved by the CITY; 2) a recorded Notice of Completion; 3) a cost-certifying final Project budget where the DEVELOPER shall identify the actual costs, in line-item format consistent with the Project Budget; and 4) a request for a recorded Certification of Completion. Upon a determination by the CITY that the DEVELOPER is in compliance with the DEVELOPER's construction obligations, as specified in this Agreement, the CITY shall furnish, within 30 calendar days of a written request by the DEVELOPER, a recordable Certificate of Completion for the Project, in the form attached hereto as EXHIBIT "E" - Exemplar Certificate of Completion, which shall not be unreasonably withheld or delayed. If the CITY fails to provide the Certificate of Completion within the specified time, it shall provide the DEVELOPER a written statement indicating in what respects the DEVELOPER has failed to complete the Project in conformance with this Agreement or has otherwise failed to comply with the terms of this Agreement, and what measures the DEVELOPER will need to take or what standards it will need to meet in order to obtain a recorded Certificate of Completion. Upon the DEVELOPER taking the specified measures and meeting the specified standards, the DEVELOPER will certify to the CITY in writing of such compliance and the CITY shall deliver the recorded Certificate of Completion to the DEVELOPER in accordance with the provisions of this Section.

7.21 Build America, Buy America (BABA). The DEVELOPER shall comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the DEVELOPER's

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infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for Fiscal Year 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

ARTICLE 8. OPERATIONS OF THE PROJECT

8.1 Operation of the Project. The DEVELOPER or its contracted property management company shall lease, operate, and manage the Project in full conformity with the terms of this Agreement.

8.2 HOME Occupancy Requirements. Three HOME-Assisted Units shall be rented and occupied by, or if vacant, available for rental occupancy by those whose annual household income at the time of initial occupancy is not greater than 50% of the most recent annual median income, calculated and published by HUD for the Fresno Metropolitan Statistical Area, applicable to such household size, and at an affordable rent consistent with HOME Program regulations as provided at 24 CFR Part 92.252 for the term of this Agreement. Eight of the HOME-Assisted Units shall be rented and occupied by, or if vacant, available for rental occupancy by those whose annual household income at the time of initial occupancy is not greater than 80% of the most recent annual median income, calculated and published by HUD for the Fresno Metropolitan Statistical Area, applicable to such household size, and at an affordable rent consistent with HOME Program regulations as provided at 24 CFR Part 92.252 for the term of this Agreement. The DEVELOPER shall comply with the income targeting requirements of 24 CFR Part 92.216.

8.3 Leasing the HOME-Assisted Units. Before leasing any HOME-Assisted Units, the DEVELOPER or authorized property management shall submit its proposed form of lease agreement for the CITY's review and approval. The DEVELOPER or its authorized property management covenants and agrees to utilize only leases that have been approved in advance by the CITY. The CITY shall respond to the DEVELOPER's submission of a sample lease agreement within 30 days. Should the CITY not respond within 30 days of the lease agreement submittal, the DEVELOPER shall be authorized to use the submitted sample lease agreement. Additionally, the DEVELOPER shall require that any authorized property management shall not terminate the tenancy or to refuse to renew or lease with a tenant of a HOME-Assisted Unit except for serious or repeated violations of the terms and conditions of the lease agreement, for violation of applicable federal, State, or local law, or for other good cause as outlined in the 2025 HOME Final Rule. Any such termination or refusal to renew must be preceded by not less than 30 days' written notice served by the DEVELOPER or its authorized property management entity upon the tenant specifying the grounds for such action. The DEVELOPER agrees it shall require its authorized property management to annually report to the CITY the number of leases that were not renewed or terminated and the reason for such non-renewal or termination.

8.4 Lease of HOME-Assisted Units Provisions. In addition to the requirements of 24 CFR Part 92.253, the DEVELOPER shall include language in its lease documents that leases are subject to the following:

A. Leases for the HOME-Assisted Units, provisions which authorize the DEVELOPER or its authorized property management to immediately terminate the

tenancy of any Household of which one or more of its members misrepresented any fact material to the Household's qualification as a Very Low- or Low-Income Household. Each such lease agreement shall also provide that the Household is subject to annual certification, and that, if the Household's annual income increases above the applicable limits for Very Low- to Low-Income, such Household's rent may be subject to increase to the lesser of: 1) the amount payable by the Household under State or local law; or 2) 30% of the Household's adjusted monthly income, except that, consonant with the Act, Households occupying HOME-Assisted Units that are layered with Low Income Housing Tax Credits as allocated by the California Tax Credit Allocation Committee pursuant to section 42 of the internal Revenue Code of 1986 (26 U.S.C. 42), must meet both program rent and income requirements.

B. Violence Against Woman Act lease addendum required in accordance with 24 C.F.R. Part 92.359(e).
C. Smoke and carbon monoxide detectors.
D. Surety bonds, security deposit insurance, or similar instruments may not be used in lieu of or in addition to a security deposit.
E. Tenant protections at 24 CFR 92.253(c).
F. Prohibited lease terms.
G. Timeframe for maintenance and repairs.
H. Notification for changes in property management.

8.5 Property Management Plan. Before leasing and at least 60 calendar days prior to the construction Completion Date, the DEVELOPER shall submit to the CITY, for review and approval, a plan for marketing and managing the proposed HOME-Assisted Units (Property Management Plan). The Property Management Plan shall address in detail how the DEVELOPER or its authorized property management entity plans to market the availability of the Project Units to prospective tenants and how the DEVELOPER or authorized property management plans to certify the eligibility of potential tenants. The Property Management Plan shall also address how the DEVELOPER and/or the authorized property management entity plan to manage and maintain the HOME-Assisted Units in accordance with HOME Program regulations at 24 CFR Part 92.251 for Property Standards and shall include appropriate financial information and documentation. The Property Management Plan shall contain detailed descriptions of policies and procedures with respect to tenant selections and evictions.

Topics to be covered in these procedures shall include at a minimum the following:

- Interviewing procedures for prospective tenants;
- Previous rental history of tenants with references;
- Credit reports;
- Criminal background checks;
- Deposit amounts, purpose, use and refund policy;
- Employment/Income verification;
- Occupancy restrictions;
- Income Limits;
- Equal Housing Opportunity Statement;

- Restrictions on use of the premises; and
- Tenant/Landlord dispute resolution procedures.

The Property Management Plan shall contain copies of all standardized forms associated with the above-listed topics. The Property Management Plan shall include a form lease agreement that the DEVELOPER proposes to enter into with the Very Low- and Low-Income tenants. The DEVELOPER and/or authorized property management shall abide by the terms of this Property Management Plan, approved by the CITY, in marketing, managing, and maintaining the HOME-Assisted Units and Property.

At least 90 calendar days prior to the Project Completion Date, the DEVELOPER shall submit any proposed property management contract to the CITY for review and approval. The CITY shall have the right to review any proposed amendments, other than renewals to the property management contract, and any new management contracts during the term of this Agreement. Such management contract(s) shall contain a provision expressing this right.

8.6 Property Management Responsibilities. The DEVELOPER directly and/or through its designated property management entity, is specifically responsible for all management functions with respect to the Project and Property including, without limitation, leasing, tenant selection, initial certification, annual re-certification of Household size and income, evictions, collection of Rents and deposits, construction management, affirmative marketing, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items and security. The CITY shall have no responsibility for such property management of the Project.

8.7 Maintenance and Security. The DEVELOPER shall at its own expense maintain the Project in good condition, in good repair and in decent, safe, sanitary, habitable, and tenantable living conditions for the benefit of the HOME-Assisted Unit occupants. The DEVELOPER shall not commit or permit any waste on or to the Project Property and shall prevent and/or rectify any physical deterioration of the Project and Property. The DEVELOPER shall maintain the Project Units in conformance with all applicable federal, State, and local laws, ordinances, codes and regulations, the Property Management Plan, and this Agreement.

8.8 Nondiscrimination. Eleven of the HOME-Assisted Units shall be available for occupancy on a continuous basis to households who are income eligible. The DEVELOPER shall not illegally discriminate or segregate in the constructed complex, the use, enjoyment, occupancy or conveyance of any part of the Project or Property on the basis of race, color, ancestry, national origin, religion, sex, marital status, family status, source of income/rental assistance subsidy, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), sexual orientation, or any other arbitrary basis. The DEVELOPER shall otherwise comply with all applicable local, State, and federal laws concerning nondiscrimination in housing. Neither the DEVELOPER nor any person claiming under or through the DEVELOPER, shall establish or permit any such practice or practices of illegal discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants or vendees of any HOME-Assisted Unit or in connection with employment of persons for the construction of any Project Unit. All deeds or contracts made

or entered into by the DEVELOPER as to the Project Units or portion thereof shall contain covenants concerning nondiscrimination consistent with this section. The DEVELOPER shall include a statement in advertisements, notices, and signs for availability of Project Units for rent to the effect that the DEVELOPER and Project Property is an Equal Housing Opportunity Provider.

A. Nothing in this section is intended to require the DEVELOPER to change the character, design, use or operation of the Project; or to require the DEVELOPER to obtain licenses or permits other than those required for the Project.

8.9 Rent Schedule and Utility Allowances. The DEVELOPER covenants and agrees not to charge rent to tenants for HOME-Assisted Units in an amount which exceeds those rents prescribed to the Project as they associate with particular income and rent limitations levels as established annually by HUD, consistent with the HOME Program requirements applicable to the HOME-Assisted Units in the Fresno, California area, as established by HUD, and further covenants not to impose a monthly allowance for utility services to tenants of such HOME-Assisted Units in excess of an amount approved by HUD in accordance with 24 CFR Part 92.252(b). The DEVELOPER agrees to furnish the CITY with a certificate setting forth the maximum monthly rentals for the HOME-Assisted Units and the monthly allowances for utilities and services to be charged during any annual period until the expiration of the Period of Affordability. At least annually, the DEVELOPER shall reexamine the income of each Household occupying a HOME-Assisted Unit.

8.10 Rental Housing Fees. The DEVELOPER covenants and agrees not to charge fees that are not customarily charged in rental housing such as laundry room access fees, and other fees in accordance with 24 CFR 92.504(c)(3)(x).

ARTICLE 9. INSURANCE AND INDEMNITY AND BONDS

Without waiver of limitation, the parties agree as follows regarding the DEVELOPER'S Insurance and Indemnity Obligations:

9.1 Insurance Requirements. (a) Throughout the life of this Agreement, DEVELOPER shall pay for and maintain in full force and effect all insurance as required herein with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated no less than "A-VII" in the Best's Insurance Rating Guide, or (ii) as may be authorized in writing by CITY'S Risk Manager or his/her designee at any time and in his/her sole discretion. The required policies of insurance as stated herein shall maintain limits of liability of not less than those amounts stated therein. However, the insurance limits available to CITY, its officers, officials, employees, agents and volunteers as additional insureds, shall be the greater of the minimum limits specified therein or the full limit of any insurance proceeds to the named insured.

(b) If at any time during the life of the Agreement or any extension, DEVELOPER or any of its subcontractors fail to maintain any required insurance in full force and effect, all services and work under this Agreement shall be discontinued immediately until notice is received by CITY that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to CITY. Any failure to maintain the required insurance shall be sufficient cause for CITY to terminate this Agreement. No

action taken by CITY pursuant to this section shall in any way relieve DEVELOPER of its responsibilities under this Agreement. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by CITY that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

(c) The fact that insurance is obtained by DEVELOPER shall not be deemed to release or diminish the liability of DEVELOPER, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify CITY shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by DEVELOPER. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of the DEVELOPER, vendors, suppliers, invitees, contractors, sub-contractors, subcontractors, or anyone employed directly or indirectly by any of them.

Coverage shall be at least as broad as:

(i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability of not less than the following:

$2,000,000 per occurrence for bodily injury and property damage

$2,000,000 per occurrence for personal and advertising injury

$4,000,000 aggregate for products and completed operations

$4,000,000 general aggregate applying separately to work performed under the Agreement

(ii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1-Any Auto) with limits of liability of not less than $1,000,000 per accident for bodily injury and property damage.

(iii) WORKERS' COMPENSATION insurance as required under the California Labor Code.

(iv) EMPLOYEE LIABILITY insurance with limits of liability of not less than $1,000,000 each accident, $1,000,000 disease policy limit and $1,000,000 diseased each employee.

(v) BUILDERS RISK (Course of Construction) insurance, obtained by the DEVELOPER or subcontractor in an amount equal to the completion value of the Project with no coinsurance penalty provisions. (Only required if the project includes new construction of a building; or renovation of, or addition to, an existing building.)

(vi) CONTRACTOR POLLUTION with coverage for bodily injury, property damage or pollution clean-up costs that could result from pollution conditions, both sudden and gradual. Including a discharge of pollutants brought to the work site, a release of pre-existing

pollutants at the site, or other pollution conditions with limits of liability of not less than the following:

$1,000,000 per occurrence

$2,000,000 general aggregate per annual policy period

In the event the work involves any lead-based, mold or asbestos environmental hazard, either the Automobile Liability insurance policy or the Pollution Liability insurance policy shall be endorsed to include Transportation Pollution Liability insurance covering materials to be transported by the DEVELOPER pursuant to the Agreement.

In the event the work involves any lead-based environmental hazard (e.g., lead-based paint), the DEVELOPER's Pollution Liability insurance policy shall be endorsed to include coverage for lead-based environmental hazards. In the event the work involves any asbestos environmental hazard (e.g., asbestos remediation), the DEVELOPER's Pollution Liability insurance policy shall be endorsed to include coverage for asbestos environmental hazards. In the event the work involves any mold environmental hazard (e.g., mold remediation), the Pollution Liability insurance policy shall be endorsed to include coverage for mold environmental hazards and "microbial matter including mold" within the definition of "Pollution" under the policy.

UMBRELLA OR EXCESS INSURANCE

In the event DEVELOPER purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the CITY, its officers, officials, employees, agents and volunteers.

DEDUCTIBLES AND SELF-INSURED RETENTIONS

DEVELOPER shall be responsible for payment of any deductibles contained in any insurance policy(ies) required herein and DEVELOPER shall also be responsible for payment of any self-insured retentions.

OTHER INSURANCE PROVISIONS/ENDORSEMENTS

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to the CITY. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, the DEVELOPER shall furnish the CITY with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for the CITY, the DEVELOPER shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than fifteen (15) calendar days prior to the expiration date of the expiring policy.

The General Liability, Pollution and Automobile Liability insurance policies shall be written on an occurrence form.

The General Liability, Automobile Liability and Pollution Liability insurance policies shall name the CITY, its officers, officials, agents, employees, and volunteers as an additional

insured for ongoing and completed operations. All such policies of insurance shall be endorsed so the DEVELOPER's insurance shall be primary and no contribution shall be required of the CITY.

The coverage shall contain no special limitations on the scope of protection afforded to the CITY, its officers, officials, employees, agents, and volunteers.

If the DEVELOPER maintains higher limits of liability than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits of liability maintained by the DEVELOPER.

The Builders Risk (Course of Construction) insurance policy shall be endorsed to name the CITY as loss payee.

All insurance policies required including the Workers' Compensation insurance policy shall contain a waiver of subrogation as to the City, its officers, officials, agents, employees, and volunteers.

The DEVELOPER shall furnish the CITY with all certificate(s) and applicable endorsements effecting coverage required hereunder. All certificates and applicable endorsements are to be received and approved by the CITY's Risk Manager or his/her designee before work commences. Upon request of the CITY, the DEVELOPER shall immediately furnish the CITY with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

In the event of a partial or total destruction by the perils insured against of any or all of the work and/or materials herein provided for at any time prior to the final completion of the Agreement and the final acceptance by the CITY of the work or materials to be performed or supplied thereunder, the DEVELOPER shall promptly reconstruct, repair, replace, or restore all work or materials so destroyed or injured at his/her sole cost and expense. Nothing herein provided for shall in any way excuse the DEVELOPER or his/her insurance company from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of this Agreement.

SUBCONTRACTORS

If DEVELOPER subcontracts any or all of the services to be performed under this Agreement, DEVELOPER shall require, at the discretion of the CITY Risk Manager or designee, subcontractor(s) to enter into a separate Side Agreement with the CITY to provide required indemnification and insurance protection. Any required Side Agreement(s) and associated insurance documents for the subcontractor must be reviewed and preapproved by CITY Risk Manager or designee. If no Side Agreement is required, DEVELOPER will be solely responsible for ensuring that its subcontractors maintain insurance coverage at levels no less than those required by applicable law and is customary in the relevant industry.

9.2 Indemnification. To the furthest extent allowed by law, including California Civil Code section 2782, DEVELOPER shall indemnify, defend and hold harmless CITY and each of its officers, officials, employees, agents, and volunteers from any and all claims, demands, actions in law or equity, loss, liability, fines, penalties, forfeitures, interest, costs including legal fees, and damages (whether in contract, tort, or strict liability, including but not limited

to personal injury, death at any time, property damage, or loss of any type) arising or alleged to have arisen directly or indirectly out of (1) any voluntary or involuntary act or omission, (2) error, omission or negligence, or (3) the performance or non-performance of this Contract . DEVELOPER 'S obligations as set forth in this section shall apply regardless of whether CITY or any of its officers, officials, employees, agents, or volunteers are passively negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence, or the willful misconduct, of CITY or any of its officers, officials, employees, agents or volunteers.

To the fullest extent allowed by law, and in addition to the express duty to indemnify, DEVELOPER , whenever there is any causal connection between the DEVELOPER's performance or non-performance of the work or services required under this Contract and any claim or loss, injury or damage of any type, DEVELOPER expressly agrees to undertake a duty to defend CITY and any of its officers, officials, employees, agents, or volunteers, as a separate duty, independent of and broader that the duty to indemnify. The duty to defend as herein agreed to by DEVELOPER expressly includes all costs of litigation, attorneys' fees, settlement costs and expenses in connection with claims or litigation, whether or not the claims are valid, false or groundless, as long as the claims could be in any manner be causally connected to DEVELOPER as reasonably determined by CITY.

Upon the tender by CITY to DEVELOPER , DEVELOPER shall be bound and obligated to assume the defense of CITY and any of its officers, officials, employees, agents, or volunteers, including the a duty to settle and otherwise pursue settlement negotiations, and shall pay, liquidate, discharge and satisfy any and all settlements, judgments, awards, or expenses resulting from or arising out of the claims without reimbursement from CITY or any of its officers, officials, employees, agents, or volunteers.

It is further understood and agreed by DEVELOPER that if CITY tenders a defense of a claim on behalf of CITY or any of its officers, officials, employees, agents, or volunteers and DEVELOPER fails, refuses or neglects to assume the defense thereof, CITY and its officers, officials, employees, agents, or volunteers may agree to compromise and settle or defend any such claim or action and DEVELOPER shall be bound and obligated to reimburse CITY and its officers, officials, employees, agents, or volunteers for the amounts expended by each in defending or settling such claim, or in the amount required to pay any judgment rendered therein.

The defense and indemnity obligations set forth above shall be direct obligations and shall be separate from and shall not be limited in any manner by any insurance procured in accordance with the insurance requirements set forth in this Contract. In addition, such obligations remain in force regardless of whether CITY provided approval for, or did not review or object to, any insurance DEVELOPER may have procured in accordance with the insurance requirements set forth in this Contract. The defense and indemnity obligations shall arise at such time that any claim is made, or loss, injury or damage of any type has been incurred by CITY, and the entry of judgment, arbitration, or litigation of any claim shall not be a condition precedent to these obligations.

The defense and indemnity obligations set forth in this section shall survive termination or expiration of this Contract.

If DEVELOPER should subcontract all or any portion of the work to be performed under this Contract, DEVELOPER shall require each subcontractor to Indemnify, hold harmless and defend CITY and each of its officers, officials, employees, agents and volunteers in accordance with the terms as set forth above.

9.3 Property Insurance. The DEVELOPER shall maintain in full force and effect, throughout the remaining life of this Agreement, a policy or policies of property insurance acceptable to the CITY, covering the Project premises, with limits reflective of the value of the Project premises upon issuance of the Certificate of Completion or substantial completion of the project referenced in this agreement, including broad coverage in an amount, form, substance, and quality as acceptable to the CITY's Risk Manager. The CITY shall be added by endorsement as a loss payee thereon.

9.4 Bond Obligations. The DEVELOPER or its General Contractor shall obtain, pay for and deliver good and sufficient payment and performance bonds along with a Primary Obligee, Co-Obligee, or Multiple Obligee Rider in a form acceptable to the CITY from a corporate surety, admitted by the California Insurance Commissioner to do business in the State of California and Treasury-listed, in a form satisfactory to the CITY and naming the CITY as Obligee.

A. The "Faithful Performance Bond" shall be at least equal to 100% of the DEVELOPER's estimated construction costs as reflected in the DEVELOPER's pro forma budget, attached hereto as EXHIBIT "C", to the guarantee faithful performance of the Project, within the time prescribed, in a manner satisfactory to the CITY, consistent with this Agreement, and that all material and workmanship will be free from original or developed defects.

B. The "Payment Bond" shall be at least equal to 100% of construction costs approved by the CITY to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by the DEVELOPER in full force and effect until the Project is completed and until all claims for materials and labor are paid and as required by the applicable provisions of Chapter 7, Title 15, Part 4, Division 3 of the California Civil Code.

C. The "Material and Labor Bond" shall be at least equal to 100% of the DEVELOPER's estimated construction costs as reflected in the DEVELOPER's pro forma budget, attached hereto as EXHIBIT "C", to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by the DEVELOPER in full force and effect until the Project is completed, and until all claims for materials and labor are paid, released, or time barred, and shall otherwise comply with any applicable provision of the California Code.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Events of Default. The DEVELOPER agrees that each of the following shall constitute an "Event of Default" by the DEVELOPER for purposes of this Agreement after the cure period in Section 10.2 has expired without a cure:

A. The DEVELOPER's use of HOME Funds for costs other than Eligible Costs or for uses not permitted by the terms of this Agreement; except that there shall

be no Event of Default if the DEVELOPER's use of the HOME Funds were for costs that were Eligible Costs at the time they were incurred but subsequently lose eligibility;

B. The DEVELOPER's failure to obtain and maintain the insurance coverage required under this Agreement;

C. Except as otherwise provided in this Agreement, the failure of the DEVELOPER to punctually and properly perform any other covenant or agreement contained in this Agreement including without limitation the following: (1) the DEVELOPER's material deviation in the Project work specified in the Project Description as identified in this Agreement, without the CITY's prior written consent; (2) the DEVELOPER's use of defective or unauthorized materials or defective workmanship in pursuit of the Project; (3) the DEVELOPER's failure to commence or complete the Project, as specified in this Agreement, unless delay is permitted under Section 7.19 of this Agreement; (4) cessation of the Project for a period of more than 15 consecutive days (other than as provided at Section 7.19 of this Agreement) prior to submitting to the CITY certification that the Project is complete; (5) any material adverse change in the condition of the DEVELOPER or its development team, or the Project that gives the CITY reasonable cause to believe that the Project cannot be completed by the scheduled completion date according to the terms of this Agreement; (6) the DEVELOPER's failure to remedy any deficiencies in record keeping or failure to provide records to the CITY upon the CITY's request; or (7) the DEVELOPER's failure to comply with any federal, State or local laws or applicable CITY restrictions governing the Project, including but not limited to provisions of this Agreement pertaining to equal employment opportunity, nondiscrimination and lead-based paint;

D. Any representation, warranty, or certificate given or furnished by or on behalf of the DEVELOPER shall prove to be materially false as of the date of which the representation, warranty, or certification was given, or that the DEVELOPER concealed or failed to disclose a material fact to the CITY, provided, however, that if any representation, warranty, or certification that proves to be materially false is due merely to the DEVELOPER's inadvertence, the DEVELOPER shall have a 30 day opportunity after written notice thereof to cause such representation, warranty, or certification to be true and complete in every respect;

E. The DEVELOPER shall file, or have filed against it, a petition of bankruptcy, insolvency, or similar law, State or federal, or shall file any petition or answer seeking, consenting to, or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief, and such petition shall not have been vacated within 90 days; or shall be adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, under State or federal law, and such judgment or decree is not vacated or set aside within 90 days;

F. The DEVELOPER's failure, inability, or admission in writing of its inability to pay its debts as they become due or the DEVELOPER assignment for the benefit of creditors;

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G. A receiver, trustee, or liquidator shall be appointed for the DEVELOPER or any substantial part of the DEVELOPER's assets or properties, and not be removed within ten days;

H. The DEVELOPER's breach of any other material condition, covenant, warranty, promise or representation contained in this Agreement not otherwise identified within this Section.

I. Any substantial or continuous breach by the DEVELOPER of any material obligation owned by the DEVELOPER imposed by any other agreement with respect to the financing, of the Project, whether or not the CITY is a party to such agreement after expiration of all notice and cure periods contained within such document.

10.2 Notice of Default and Opportunity to Cure. The CITY shall give written notice to the DEVELOPER of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the default; (2) the action required to cure the deficiency, if any action to cure is possible, and (3) a date, which shall not be less than the lesser of any time period provided in this Agreement, any time period provided for in the notice no less than ten days, or 30 calendar days from the date of the notice, by which such deficiency must be cured, provided that if the specified deficiency or default cannot reasonably be cured within the specified time, with the CITY's written consent, the DEVELOPER shall have an additional reasonable period to cure so long as it commences cure within the specified time and thereafter diligently pursues the cure in good faith. The CITY acknowledges and agrees that the DEVELOPER shall have the right to cure any defaults hereunder and that any notice and cure rights hereunder shall extend to partners of the DEVELOPER that were previously identified in writing and delivered to the CITY in the manner provided in this Agreement.

10.3 Remedies Upon an Event of Default. Upon the happening of an Event of Default and a failure to cure said Event of Default within the time specified, the CITY's obligation to disburse HOME Funds shall terminate. The CITY may also at its option and without notice institute any action, suit, or other proceeding in law, in equity or otherwise, which it shall deem necessary or proper for the protection of its interests and may without limitation proceed with any or all of the following remedies in any order or combination that the CITY may choose in its sole discretion:

A. Terminate this Agreement immediately upon written notice;

B. Bring an action in equitable relief: (1) seeking specific performance of the terms and conditions of this Agreement, and/or (2) enjoining, abating or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;

C. Pursue any other remedy allowed by law or in equity or under this Agreement.

ARTICLE 11. GENERAL PROVISIONS

Without waiver of limitation, the DEVELOPER and the CITY agree that the following general provisions shall apply in the performance hereof:

11.1 Amendments. No material modifications or amendments of any provision of this Agreement shall be effective unless requested in writing, signed by the DEVELOPER,

and presented to City Council for approval, after the initial agreement and related documents have been fully executed and recorded.

The CITY recognizes that senior lenders and equity investors may request revisions to the Loan Documents to be consistent with their funding and investing requirements. Therefore, the CITY agrees to consider and negotiate as to any reasonable non-material administrative changes to this Agreement to address such requests without further Council approval, subject to approval as to form by the City Attorney's Office.

11.2 Attorney's Fees. If the DEVELOPER or CITY is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party will be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

11.3 Binding on All Successors and Assigns. Unless otherwise expressly provided in this Agreement, all the terms and provisions of this Agreement shall be binding on and inure to the benefit of the DEVELOPER and CITY, and their respective heirs, successors, assigns, and legal representatives.

11.4 Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered will be deemed an original, and all of which together will constitute one instrument. The execution of this Agreement by the DEVELOPER and CITY will not become effective until counterparts hereof have been executed and this Agreement is recorded.

11.5 Disclaimer of Relationship. Nothing contained in this Agreement, nor any act of the CITY or of the DEVELOPER, or of any other person, shall in and by itself be deemed or construed by any person to create any relationship of third-party beneficiary, or of principal and agent, of limited or general partnership, or of joint venture.

11.6 Discretionary Governmental Actions. Certain planning, land use, zoning, and other permits and public actions required in connection with the Project including, without limitation, the approval of this Agreement, the environmental review and analysis under the National Environmental Policy Act (NEPA) or any other statute, and other transactions contemplated by this Agreement are discretionary government actions. Nothing in this Agreement obligates the CITY or any other governmental entity to grant final approval of any matter described herein. Such actions are legislative, quasi-judicial, or otherwise discretionary in nature. The CITY cannot take action with respect to such matters before completing an environmental assessment of the Project under NEPA and any other applicable statutes. The CITY cannot and does not commit in advance that it will give final approval to any matter. The CITY shall not be liable, in contract, law or equity, to the DEVELOPER or any of its executors, administrators, transferees, successors-in-interest or assigns for any failure of any governmental entity to grant approval on any matter subject to discretionary approval.

11.7 Agreement Effective Date. This Agreement shall be effective upon the date first written above after City Council approval and full execution by the City and DEVELOPER.

11.8 Entire Agreement. This Agreement represents the entire and integrated agreement of the parties with respect to the subject matter hereof. This Agreement supersedes all prior negotiations, representations or agreements, either written or oral.

11.9 Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

11.10 Expenses Incurred Upon Event of Default. The DEVELOPER shall reimburse the CITY for all reasonable expenses and costs of collection and enforcement, including reasonable attorney's fees, incurred by the CITY as a result of one or more Events of Default by the DEVELOPER under this Agreement.

11.11 Governing Law and Venue. Except to the extent preempted by applicable federal law, the laws of the State of California shall govern all aspects of this Agreement, including execution, interpretation, performance, and enforcement. Venue for filing any action to enforce or interpret this Agreement will be Fresno, California.

11.12 Headings. The headings of the articles, sections, and paragraphs used in this Agreement are for convenience only and shall not be read or construed to affect the meaning or construction of any provision.

11.13 Interpretation. This Agreement in its fully executed form is the result of the combined efforts of the DEVELOPER and the CITY. Any ambiguity will not be construed in favor or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

11.14 Assignment or Succession. The DEVELOPER shall not sell, transfer, assign or otherwise dispose of all or a material part of any interest it might hold in the Property without the prior written consent of the CITY, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, upon prior written notice to the CITY, and upon prior approval from the CITY, the DEVELOPER shall be permitted to assign its rights and obligation under this Agreement with respect to the Project.

11.15 Third-Party Beneficiary. No contractor, subcontractor, mechanic, materialman, laborer, vendor, supplier, or other person(s) hired or retained by the DEVELOPER shall be, nor shall any of them be deemed to be, a third-party beneficiaries of this Agreement, but each such person(s) shall be deemed to have agreed: (a) they shall look to the DEVELOPER as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the CITY and any such person(s) in writing, they may not enter any claim or bring any such action against the CITY under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the CITY and such person(s), each such person(s) shall be deemed to have waived, in writing, all right to seek redress from the CITY under any circumstances whatsoever.

11.16 No Waiver. Neither failure nor delay on the part of the CITY in exercising any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement or consent to any departure by the DEVELOPER therefrom shall be effective unless the same shall be in writing, signed on behalf of the CITY by a duly authorized officer thereof, and the same shall be effective only in the specific instance for which it is given. No notice to or demand on the DEVELOPER in any case shall entitle the DEVELOPER to any other or further notices or demands in similar or other circumstances or constitute a waiver of any of the CITY's right to take other or further action in any circumstances without notice or demand.

11.17 Nonreliance. The DEVELOPER hereby acknowledges having obtained such independent legal or other advice as it has deemed necessary and declares that in no manner has it relied on the CITY, its agents, employees, or attorneys in entering into this Agreement.

11.18 Notice. Any notice to be given to either party under the terms of this Agreement shall be given by certified United States mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties.

If to the CITY: City of Fresno
Planning and Development Department
Housing and Community Development Division
2600 Fresno Street, Room 3065
Fresno, CA 93721-3605

If to DEVELOPER: FCTC Family II, LP
Attention: President
265 E. River Park Circle, Suite 120
Fresno, CA 93720

11.19 Precedence of Documents. In the event of any conflict between the body of this Agreement and any exhibit or attachment hereto, the terms and conditions of the body of this Agreement will control.

11.20 Recording of Documents. The DEVELOPER agrees to cooperate with the CITY and execute any documents required, promptly upon the CITY's request, and to promptly effectuate the recordation of this Agreement, the Declaration of Restrictions, the Deed of Trust, and any other documents/instruments that the CITY requires to be recorded, in the Official Records of Fresno County, California, consistent with this Agreement.

11.21 Remedies Cumulative. All powers and remedies given by this Agreement shall be cumulative and in addition to those otherwise provided by law.

11.22 Severability. The invalidity, illegality, or un-enforceability of any one or more of the provisions of this Agreement shall not affect the validity, legality, or enforceability of the remaining provisions hereof or thereof.

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IN WITNESS WHEREOF, the parties have executed this Agreement in Fresno, California, the day, and year first above written.

CITY OF FRESNO,
a California municipal corporation
By: _____
Name: Georgeanne A. White
Title: City Manager
Date: _____

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

Signed by:
By: Tracy Parvanian
C20B3D38494E4C1...
Name: Tracy N. Parvanian
Title: Assistant City Attorney
Date: 2/19/2026

ATTEST:
AMY K. ALLER
Interim City Clerk

By: _____
Name: _____
Title: _____
Date: _____

FCTC FAMILY II, LP,
a California limited partnership

By: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation
Its: Managing General Partner
Signed by:
By: David Rutledge
86DA5A965C17401...
David Rutledge
Its: President

By: DOMINUS CONSORTIUM FAMILY, LLC, a California limited liability company
Its: Administrative General Partner
By: ESSAYONS, LP, a California limited partnership
Its: Member

By: PENTORI, a California corporation
Its: General Partner
DocuSigned by:
By: Thomas G. Richards
DDAACB6557D74A...
Thomas G. Richards
Its: President

By: NEGOCIOS DE FAMILIA, LLC, a California limited liability company
Its: Member
By: KASHIAN ENTERPRISES, A LIMITED PARTNERSHIP, a California limited partnership
Its: Managing Member

By: LANCE-KASHIAN & COMPANY, a California corporation
Its: General Partner
Signed by:
By: Salvador J. Gonzales
E0050E6D74844DC...
Salvador Gonzales
Its: President

(Attach notary certificate of acknowledgment)

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Attachments:

EXHIBIT A: LEGAL DESCRIPTION

EXHIBIT B: PROJECT DESCRIPTION AND SCHEDULE

EXHIBIT C: PROJECT BUDGET

EXHIBIT D: EXEMPLAR DECLARATION OF RESTRICTIONS

EXHIBIT E: EXEMPLAR CERTIFICATE OF COMPLETION

EXHIBIT F: EXEMPLAR PROMISSORY NOTE

EXHIBIT G: EXEMPLAR DEED OF TRUST ASSIGNMENT OF RENT

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EXHIBIT "A"
LEGAL DESCRIPTION

The land referred to is situated in the County of Fresno, City of Fresno, State of California, and is described as follows:

Parcels G, H, I, J, and K of Parcel Map No. 2007-41 Phase II, according to the map thereof filed for record August 5, 2022 in Book 77 of Parcel Maps, at Pages 22 through 25, Fresno County Records.

APN: 462-420-06 through -09

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EXHIBIT "B"
PROJECT DESCRIPTION AND SCHEDULE

I. PROJECT DESCRIPTION

Sarah's Court Phase II will consist of a 120-unit multifamily residential development on 1.19 acres, including on- and off-site improvements, amenities, and parking. Of the 120 units in the Project, 11 will be reserved as floating Very Low- and Low-income rental units for Lower Income households earning 50% to 80% of area median income as shown in the table below.

The 11 HOME-Assisted Units shall consist of eight three-bedroom units and three two-bedroom units within the Project.

The project site is located at 200 N. Salma Avenue, Fresno, CA 93727 (APN: 462-420-06 through 09).

HOME-FUNDED FLOATING UNITS

% of Median	Unit
50% or less	3
80% or less	8
Totals	11

The City will provide Three Million Dollars and 00/100 ($3,000,000.00) to the development for Eligible Costs as outlined in the project budget EXHIBIT "C" – Project Budget.

II. PROJECT SCHEDULE

A. Commencement of Rehabilitation/Construction: June 1, 2026

B. Completion of Construction: June 1, 2028

C. Lease Up: March 1, 2029

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	Total Costs	Funding Sources				
		HOME Program	CDBG Program	Tax Credit Equity	Construction Loan	Deferred Developer Fee
ACQUISITION						
Purchase Price	2,400,000	-	2,400,000	-	-	-
SUBTOTAL	2,400,000	-	2,400,000	-	-	-
CONSTRUCTION						
Structures	18,017,404	750,000	-	-	17,267,404	-
Site Work	1,587,106	481,913	-	-	1,105,193	-
General Requirments	1,326,000	-	-	-	1,326,000	-
Contractor Overhead	592,410	-	-	-	592,410	-
Contractor Profit	592,410	-	-	-	592,410	-
General Liability Insurance	174,250	-	-	-	174,250	-
Pollution Insurance	12,000	-	-	-	12,000	-
Payment and Performance Bonds	120,920	-	-	-	120,920	-
Procore Fee	32,000	-	-	-	32,000	-
Construction Contingency	1,122,725	-	-	622,104	500,621	-
SUBTOTAL	23,577,225	1,231,913	-	622,104	21,723,208	-
DEVELOPMENT						
Design	905,000	905,000	-	-	-	-
Survey and Engineering	150,000	150,000	-	-	-	-
Construction Loan Interest	1,400,000	-	-	-	1,400,000	-
Origination Fee	293,000	-	-	293,000	-	-
Application Fee	25,000	-	-	25,000	-	-
Title and Recording	64,000	-	-	64,000	-	-
Taxes	120,000	27,542	-	92,458	-	-
Insurance	310,190	-	-	310,190	-	-
Inspections	12,000	-	-	12,000	-	-
Permanent Financing Fees	246,820	-	-	246,820	-	-
Legal Fees	200,000	30,000	-	170,000	-	-
SUBTOTAL	3,726,010	1,112,542	-	1,213,468	1,400,000	-
OTHER PROJECTS COSTS						
3-month Operating Reserves	660,434	-	-	660,434	-	-
Soft Contingency	150,000	-	-	150,000	-	-
Monitoring Fee	158,620	130,335	-	28,285	-	-
Environment Audit	15,000	-	-	15,000	-	-
Impact Fees	1,449,568	400,000	-	1,049,568	-	-
Permit Processing Fees	413,781	110,000	-	303,781	-	-
Marketing	60,000	-	-	60,000	-	-
Furnishings	25,000	-	-	25,000	-	-
Market Study	10,000	9,210	-	790	-	-
Accounting	280,952	2,000	-	278,952	-	-
Appraisal	15,000	4,000	-	11,000	-	-
Developer Fee	4,368,965	-	-	2,000,000	-	2,368,965
SUBTOTAL	7,607,320	655,545	-	4,582,810	-	2,368,965
TOTAL COSTS	**37,310,555**	3,000,000	2,400,000	6,418,382	23,123,208	2,368,965

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EXHIBIT "D"
EXEMPLAR DECLARATION OF RESTRICTIONS

Recorded at the Request of
and When Recorded Return to:

City of Fresno
City Clerk's Office
2600 Fresno Street, Room 2133
Fresno, CA 93721-3605

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

The document is exempt from the payment of a recording fee in accordance with Government Code Sections 6103 and 27383.

APN: 462-420-06 through 09

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS (Declaration) is executed as of this __ day of _____, 2026, by the FCTC Family II, LP, a California limited partnership (DECLARANT), in favor of the CITY OF FRESNO, a California municipal corporation (CITY).

WHEREAS, the DECLARANT is the owner of the real estate in the City of Fresno, County of Fresno, California, 200 Salma Avenue, Fresno, CA 93727 (APN: 462-420-06 through 09), which is more particularly described in EXHIBIT "A" – Legal Description, attached hereto and made a part hereof, including the improvements thereon (Property); and

WHEREAS, pursuant to a certain City of Fresno HOME Investment Partnerships Agreement dated _____, 2026, incorporated herein by reference (HOME Agreement) and instruments referenced therein, the DECLARANT agrees to utilize, and the CITY agrees to provide, certain HOME funds from the United States Department of Housing and Urban Development (HUD), to the DECLARANT and the DECLARANT agrees to construct 119 rental housing units of which 11 will be HOME-Assisted floating units and reserved as Affordable Housing Units available as Very Low- and Low-Income units, subject to the terms and conditions set forth in the HOME Agreement for Low-Income households earning 50% to 80%, or below, of the area median income for the Fresno Metropolitan Statistical Area (FMSA). Eleven HOME-Assisted Units shall consist of eight three-bedroom units and three two-bedroom units within the project. One three-bedroom unit will be reserved for the on-site manager for a total of 120 Project Units; and

WHEREAS, the HOME regulations promulgated by HUD, including without limitation, 24 CFR Part 92.252 and the HOME Agreement impose certain affordability requirements

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upon property owned by the DECLARANT, which affordability restrictions shall be enforceable for a 55-year period; and

WHEREAS, these restrictions are intended to bind the DECLARANT, and all purchasers of the Property and their successors.

NOW THEREFORE, the DECLARANT declares that the Property is held and will be held, transferred, encumbered, used, sold, conveyed and occupied subject to the covenants, restrictions, and limitations set forth in this Declaration, all of which are declared and agreed to be in furtherance of the Project. All restrictions, covenants, and limitations will run with the land and will be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, will inure to the benefit of the CITY, and will be enforceable by the CITY. Any purchaser under a contract of sale covering any right, title or interest in any part of the Property, by accepting a deed or a contract of sale or agreement of purchase, accepts the document subject to, and agrees to be bound by, any and all restrictions, covenant, and limitations set forth in this Declaration commencing on the date the DECLARANT is notified by the CITY that the HOME-Assisted Unit Household information has been entered into HUD's Integrated Disbursement and Information System (IDIS) as provided in the HOME Agreement, constituting the commencement of the 55-year Period of Affordability.

1. Declarations. The DECLARANT hereby declares that the Property is and shall be subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of the Project and the HOME Agreement and are established and agreed upon for the purpose of enhancing and protecting the value of the Property and in consideration of the CITY entering into the HOME Agreement with the DECLARANT.

2. Restrictions. The following covenants and restrictions on the use and enjoyment of the Property shall be in addition to any other covenants and restrictions affecting the Property, and such covenants and restrictions are for the benefit and protection of the CITY and shall run with the Property and be binding on present and future owners of the Property and inure to the benefit of and be enforceable by the CITY. These covenants and restrictions are as follows:

a. The DECLARANT for itself and its successor(s) on title covenants and agrees that from the date the HOME-Assisted Unit Household information is entered into IDIS as complete, until the expiration of the Period of Affordability, the DECLARANT shall cause 11 HOME-Assisted Units to be used as rental affordable housing to Very Low- to Low-Income Households with an income of 50% to 80%, or less, of area median income. HOME-Assisted Units shall include, without limitation, compliance with the following requirements:

i. Nondiscrimination. There shall be no discrimination against nor segregation of any persons or group of persons on account of race, color, creed, religion, sex, marital status, national origin, ancestry, or handicap in the sale, transfer, use, occupancy, tenure, or enjoyment of any of the Property, nor shall the DECLARANT establish or permit any practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of owners or vendees of the Project and/or Property.

ii. Principal Residence. The HOME-Assisted Unit shall be leased only to eligible natural persons, who shall occupy the HOME-Assisted Unit as the tenants'

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principal place of residence. The forgoing requirement that the tenant must occupy the unit as their principal residence does not apply to (i) persons, other than natural persons, who acquire the Project Property or portion thereof by foreclosure or deed in lieu of foreclosure; or HUD qualified entities that acquire the Property or portion thereof with the consent of the CITY.

iii. Household Income Requirements. Three HOME-Assisted Units constructed on the Project Property shall be rented only to natural person(s) whose annual Household income is not greater than 50% of the most recent annual area median income calculated and published by HUD for the Fresno Metropolitan Statistical Area and eight HOME-Assisted Units constructed on the Project Property shall be rented only to natural person(s) whose annual Household income is not greater than 80% of the most recent annual area median income calculated and published by HUD for the Fresno Metropolitan Statistical Area.

Item (a) above is hereinafter referred to as the Covenant and Restriction.

3. Enforcement of Restrictions. Without waiver or limitation, the CITY shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any Covenant and Restriction.

4. Acceptance and Ratification. All present and future owners of the Property and other persons claiming by, though, or under them shall be subject to and shall comply with the Covenant and Restriction. The acceptance of a deed of conveyance to the Property shall constitute an agreement that the Covenant and Restriction, as may be amended or supplemented from time to time, are accepted and ratified by future owners, tenants or occupants, and such Covenant and Restriction shall be a covenant running with the land and shall bind any person(s) having at any time any interest or estate in the Property, all as though such Covenant and Restriction was recited and stipulated at length in each and every deed, conveyance, mortgage, or lease thereof.

Notwithstanding the foregoing, upon foreclosure by a lender or other transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD, the Period of Affordability shall be terminated unless the foreclosure or other transfer in lieu of foreclosure or assignment recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the requirements with respect to a HOME-Assisted Unit shall be revived according to their original terms, if during the original Period of Affordability, the owner of record before the foreclosure or other transfer, or any entity that includes the former owner of those with whom the former owner has or had formally, family or business ties, obtains an ownership interest in the Project or the Property, the Period of Affordability shall be revived according to its original terms.

5. Benefit. This Declaration shall run with and bind the Property for a term commencing on the date the HOME-Assisted Unit Household information is entered into IDIS as complete, until the expiration of the 55-year Period of Affordability. The failure or delay at any time of CITY and/or any other person entitled to enforce this Declaration shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.

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6. Costs and Attorney's Fees. In any proceeding arising because of failure of the DECLARANT or any future owner of the Property to comply with the Covenant and Restriction required by this Declaration, as may be amended from time to time, the CITY shall be entitled to recover its respective costs and reasonable attorney's fees incurred in connection with such default or failure.

7. Waiver. Neither the DECLARANT nor any future owner of the Property may exempt itself from liability for failure to comply with the Covenant and Restriction required in this Declaration; provided however, that upon the transfer of the Property, the transferring owner may be released from liability hereunder, upon the CITY's written consent of such transfer, which consent shall not be unreasonably withheld, conditioned, or delayed.

8. Severability. The invalidity of the Covenant and Restriction or any other covenant, restriction, condition, limitation, or other provision of this Declaration shall not impair or affect in any manner the validity, enforceability, or effect of the rest of this Declaration and each shall be enforceable to the greatest extent permitted by law.

9. Pronouns. Any reference to the masculine, feminine, or neuter gender herein shall, unless the context clearly requires the contrary, be deemed to refer to and include all genders. Words in the singular shall include and refer to the plural, and vice versa, as appropriate.

10. Interpretation. The captions and titles of the various articles, sections, subsections, paragraphs, and subparagraphs of this Declaration are inserted herein for ease and convenience of reference only and shall not be used as an aid in interpreting or construing this Declaration or any provision hereof.

11. Amendments or Modifications. No Amendments or modifications to the Declaration shall be permitted without the prior written consent of the CITY and the DECLARANT.

12. Recordation. The DECLARANT acknowledges that this Declaration will be file of record in the County of Fresno Recorder's Office, State of California.

13. Capitalized Terms. All capitalized terms used in this Declaration, unless otherwise defined herein, shall have the meanings assigned to such terms in the HOME Agreement.

14. Headings. The headings of the articles, sections, and paragraphs used in this Declaration are for convenience only and shall not be read or construed to affect the meaning or construction of any provision.

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IN WITNESS WHEREOF, the DECLARANT has executed this Declaration of Restrictions on the date first written above.

DECLARANT:
FCTC Family II, LP
a California limited partnership

By: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: _____ Date: _____
David Rutledge
Its: President

By: DOMINUS CONSORTIUM FAMILY, LLC, a California limited liability company
Its: Administrative General Partner

By: ESSAYONS, LP, a California limited partnership
Its: Member

By: PENTORI, a California corporation
Its: General Partner

By: _____ Date: _____
Thomas G. Richards
Its: President

By: NEGOCIOS DE FAMILIA, LLC, a California limited liability company
Its: Member

By: KASHIAN ENTERPRISES, A LIMITED PARTNERSHIP,
a California limited partnership
Its: Managing Member

By: LANCE-KASHIAN & COMPANY, a California corporation
Its: General Partner

By: _____ Date: _____
Salvador Gonzales
Its: President

(Attach notary certificate of acknowledgment)

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EXHIBIT "A"
Legal Description
To Declaration of Restrictions

The land referred to is situated in the County of Fresno, City of Fresno, State of California, and is described as follows:

Parcels G, H, I, J, and K of Parcel Map No. 2007-41 Phase II, according to the map thereof filed for record August 5, 2022 in Book 77 of Parcel Maps, at Pages 22 through 25, Fresno County Records.

APN: 462-420-06 through -09

Docusign Envelope ID: 554EC485-359B-4F8A-A408-7CAB535412F9

Docusign Envelope ID: 6D3484A4-B683-49F3-B0A1-037536628C63

EXHIBIT "E"
CERTIFICATE OF COMPLETION

Recorded at the Request of
and When Recorded Return to:

City of Fresno
City Clerk's Office 2600 Fresno Street,
Room 2133
Fresno, CA 93721-3605

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

This Certificate of Completion is recorded at the request and for the benefit of the City of Fresno and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

APN: 462-420-06 through 09

City of Fresno

By:_____

Planning and Development Department

Date:_____

Docusign Envelope ID: 554EC485-359B-4F8A-A408-7CAB535412F9

Docusign Envelope ID: 6D3484A4-B683-49F3-B0A1-037536628C63

Certificate of Completion

APN: 462-420-06 through 09

Recitals:

A. By a HOME Investment Partnerships Program Agreement dated _____, 202X, (HOME Agreement) between the City of Fresno, a California municipal corporation (CITY), and FCTC Family II, LP (DEVELOPER), the DEVELOPER agreed to construct an apartment building consisting of 120 rental units, of which a total of 11 are to be HOME-Assisted Units and one is to be an on-site manager unit, and related on-site and off-site improvements upon the Property described in the HOME Agreement, EXHIBIT "A" – Legal Description, and made part hereof by this reference (the Property), with assistance of HOME Funds while meeting the affordable housing, income targeting and other requirements of 24 CFR Part 92 according to the terms and conditions of the HOME Agreement and Loan Documents and other documents/instruments referenced therein.

B. The HOME Agreement was recorded on _____, as Instrument No. _____ in the Official Records of Fresno County, California.

C. Under the terms of the HOME Agreement, after the DEVELOPER completes the Project, the DEVELOPER shall ask the CITY to record a Certificate of Completion.

D. The DEVELOPER has asked the CITY to furnish the DEVELOPER with a recordable Certificate of Completion.

E. The CITY's issuance of this Certificate of Completion is conclusive evidence that the DEVELOPER has completed the Project as set forth in the HOME Agreement.

NOW THEREFORE:

1. The CITY certifies that the DEVELOPER commenced construction of the Project on _____, 202X and completed construction of the Project on _____ 202X and has done so in full compliance with the HOME Agreement.

2. This Certificate of Completion is not evidence of the DEVELOPER's compliance with, or satisfaction of, any obligation to any mortgage or security interest holder, or any mortgage or security interest insurer, securing money lent to finance work on the Property or Project, or any part of the Property or Project.

3. This Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

4. Nothing contained herein modifies any provision of the HOME Agreement.

//

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IN WITNESS WHEREOF, the CITY has executed this Certificate of Completion as of this_ _____ _____day of _____, 202X.

CITY OF FRESNO

By:_____
Name:_____
Title: _____
Planning & Development Department
(Attach notary certificate of acknowledgment)

APPROVED AS TO FORM:
ANDREW JANZ
CITY ATTORNEY

By: _____
Name: Tracy N. Parvanian
Title: Assistant City Attorney

ATTEST:
AMY K. ALLER
INTERIM CITY CLERK

By: _____
Title: _____

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FCTC Family II, LP
a California limited partnership

By: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: _____ Date: _____
David Rutledge
Its: President

By: DOMINUS CONSORTIUM FAMILY, LLC, a California limited liability company
Its: Administrative General Partner

By: ESSAYONS, LP, a California limited partnership
Its: Member

By: PENTORI, a California corporation
Its: General Partner

By: _____ Date: _____
Thomas G. Richards
Its: President

By: NEGOCIOS DE FAMILIA, LLC, a California limited liability company
Its: Member

By: KASHIAN ENTERPRISES, A LIMITED PARTNERSHIP,
a California limited partnership
Its: Managing Member

By: LANCE-KASHIAN & COMPANY, a California corporation
Its: General Partner

By: _____ Date: _____
Salvador Gonzales
Its: President

(Attach notary certificate of acknowledgment)

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EXHIBIT "F" - PROMISSORY NOTE

DO NOT DESTROY THIS NOTE: When paid in full, this note must be surrendered to Borrower for Cancellation.

PROMISSORY NOTE
Secured by Deed of Trust

Loan Amount: $3,000,000.00 Date:_____
Fresno, California

For value received, the undersigned, FCTC Family II, LP, a California limited partnership (BORROWER), promises to pay to the order of the City of Fresno, a California municipal corporation (Lender), the sum of Three Million Dollars and 00/100 ($3,000,000.00), with interest on the unpaid principal balance running from the date of first disbursement with simple interest at the rate of 3% annually in accordance with the HOME Investment Partnerships Program Agreement dated _____, 2026, entered into between the Lender and the BORROWER (HOME Agreement), with the balance of principal and interest due and payable on or before the earlier of (i) the BORROWER's uncured default under the Agreement with respect to the Project or (ii) 55-years from the date of this Note (Maturity Date), on which date the unpaid balance of principal with unpaid interest thereon shall be due and payable, along with attorney's fees and costs of collection, and without relief from valuation and appraisement laws.

This is a Residual Receipts Note. Principal and interest payments equal to 20% of annual 100% of Residual Receipts, to the extent that Residual Receipts exist and are itemized in annual audited financial statements supplied to the Lender at the close of each fiscal year, shall be due 180 days following the end of the year in which the Project is completed and placed in service, and said payment continues each successive year thereafter until the Maturity Date, upon which all principal and interest shall be due and payable (prorated amounts to be paid for the first and last year of the Note). Any failure to make a payment required hereunder within ten days after such payments are due shall constitute a default under the Agreement with respect to the Project and this Note. It shall not be a default hereunder if no payment was made because the Project Residual Receipts did not exist for any particular year. Additionally, any failure to timely submit to the Lender annual audited financial statements with the management notes and residual receipts calculation within 30 days after such financial statements are due shall constitute a default under the Agreement with respect to the Project and Note.

Residual Receipts means in each operating year 100% of the sum of: (i) all cash received by the Project from rents, lease payments, and all sources generally considered in the apartment industry to be "other income" (which does not include payments for optional services provided by the BORROWER), (ii) payments from HUD under a Housing Assistance Program Section 8 Contract, if any, excluding tenant security or other deposits required by law to be segregated and restricted, and interest on reserves not available for distribution, and the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent not reinvested, less the sum of:

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(i) all payments on account of any loans (including unpaid principal and accrued reasonable interest) made for the benefit of the Project by the BORROWER, (ii) contributions to any prudent and reasonable cash reserves for working capital, operating expenses, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be reasonably required by the lenders to the Project for the operation of the Project not to exceed the amount required by the Project's permanent lender, annually adjusted in proportion to the average increase of the following indices (a) the United States Bureau of Labor Statistics for Hourly Wage Rates of all workers in manufacturing, and (b) of all Commodity Wholesale Prices, said indices shall be re-defined to the mutual satisfaction of the parties in the event of change in form and basis of indices, all increases shall use the indices for calendar year 2010 as their base; (iii) Operating Expenses as defined below, and (iv) the payment of principal and interest, and any associated fees, expenses, and costs, with respect to the senior Financing.

Operating Expenses means actual, reasonable and customary (for comparable quality, newly constructed rental housing developments in Fresno County) costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Affordable Project in a calendar year, including, without limitation: painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, fees and expenses of property management and common area expenses, fees and expenses of accountants, attorneys and other professionals, the cost of social services, repayment of any completion or operating loans including any and all deferred developer fees per the Project Budget, made to the BORROWER, its successors or assigns, Asset Management Fee, General Partner Fee, and other actual operating costs and capital costs which are incurred and paid by the BORROWER, but which are not eligible for payment from reserve accounts.

All capitalized terms used in this Note, unless otherwise defined, will have the respective meanings specified in the Agreement. In addition, as used in this Note, the following terms will have the following meanings:

> Business Day means any day other than Saturday, Sunday, or public holiday or the equivalent for banks generally under the laws of California. Whenever any payment to be made under this Note is stated to be due on a day other than a Business Day, that payment may be made on the next succeeding Business Day.
>
> Note Maturity Date means 55-years from the date of first disbursement.

This Note, and any extensions or renewals hereof, is secured by a Deed of Trust and Assignment of Rents, on real estate in Fresno County, California, that provides for acceleration upon stated events, dated as of the same date as this Note, and executed in favor of and delivered to the Lender (Deed of Trust), insured as a no lower than 3rd position lien on the Property.

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Time is of the essence. It will be a default under this Note if the BORROWER defaults under the Agreement, any other Loan Document with the Lender, or this Note and such default continues beyond the notice and cure period as provided in such documents. In the event of a default by the BORROWER with respect to any sum payable under this Note and the failure to cure such default within ten days, the BORROWER shall pay a late charge equal to the lesser of 2% of any outstanding payment or the maximum amount allowed by law. All payments collected shall be applied first to payment of any costs, fees, or other charges due under this Note or any other Loan Documents then to the interest and then to principal balance. On the occurrence of an uncured default or on the occurrence of any other event that under the terms of the Loan Documents give rise to the right to accelerate the balance of the indebtedness, then, at the option of Lender, this Note or any notes or other instruments that may be taken in renewal or extension of all or any part of the indebtedness will immediately become due without any further presentment, demand, protest, or notice of any kind. The Lender acknowledges and agrees that it shall send notice of any default hereunder to the limited partners of the BORROWER and shall accept any cure offered by such limited partners on the same basis as it would accept a cure from the BORROWER.

The indebtedness evidenced by this Note may, at the option of the BORROWER, be prepaid in whole or in part without penalty. The Lender will apply all the prepayments first to the payment of any costs, fees, late charges, or other charges due under this Note or under any of the other Loan Documents and then to the interest and then to the principal balance.

All Loan payments are payable in lawful money of the United States of America to:

City of Fresno
Finance Department
2600 Fresno Street, 2nd Floor
Fresno, CA 93721

Or at any place the Lender or legal holders of this Note may, from time to time, in writing designate.

The BORROWER agrees to pay all costs including, without limitation, reasonable attorney fees, incurred by the holder of this Note in the successful enforcement of payment, whether or not suit is filed, and including, without limitation, all costs, reasonable attorney fees, and expenses incurred by the holder of this Note in connection with any bankruptcy, reorganization, arrangement, or other similar proceedings involving the BORROWER that in any way affects the exercise by the holder of this Note of its rights and remedies under this Note. All costs incurred by the holder of this Note in any action undertaken to obtain relief from the stay of bankruptcy statutes are specifically included in those costs and expenses to be paid by the BORROWER.

Any notice, demand, or request relating to any matter set forth herein shall be in writing and shall be given as provided in the Agreement.

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No delay or omission of the Lender in exercising any right or power arising in connection with any default will be construed as a waiver or as acquiescence, nor will any single or partial exercise preclude any further exercise. The Lender may waive any of the conditions in this Note and no waiver will be deemed to be a waiver of the Lender's rights under this Note but rather will be deemed to have been made in pursuance of this Note and not in modification. No waiver of any default will be construed to be a waiver of or acquiescence in or consent to any preceding or subsequent default.

The Deed of Trust provides as follows:

> Except as provided herein or in the Agreement, if the Trustor/Grantor shall sell, convey or alienate said Property, or any part thereof, or any interest therein, or shall be divested of his/her title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the Beneficiary, the Beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any Note evidencing the same, immediately due and payable.

The Lender may transfer this Note and deliver to the transferee all or any part of the Property then held by it as security under this Note, and the transferee will then become vested with all the powers and rights given to the Lender; and the Lender will then be forever relieved from any liability or responsibility in the matter, but the Lender will retain all rights and powers given by this Note with respect to Property not transferred.

If any one or more of the provisions in this Note is held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired. This Note will be binding on and inure to the benefit of the BORROWER, the Lender, and their respective successors and assigns.

The BORROWER and the Lender agree that this Note will be deemed to have been made under and will be governed by the laws of California in all respects, including matters of construction, validity, and performance, and that none of its terms or provisions may be waived, altered, modified, or amended except as the Lender and the BORROWER may consent to in a writing duly signed by the BORROWER or the Lender or its authorized agents.

This Note shall be nonrecourse to the BORROWER and all its constituent members and may be prepaid at any time without penalty. Neither the BORROWER nor any of its officers, directors, employees, or agents shall have any personal liability for repayment of the Loan. The sole recourse of the Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Property pursuant to the Deed of Trust and the Lender shall have no right to seek or recover any deficiency amount from the BORROWER or any affiliate of the BORROWER.

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IN WITNESS WHEREOF, the BORROWER has caused this Promissory Note to be executed as of the date and year first above written.

BORROWER:
FCTC Family II, LP
a California limited partnership

By: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: _____ Date: _____
David Rutledge
Its: President

By: DOMINUS CONSORTIUM FAMILY, LLC, a California limited liability company
Its: Administrative General Partner

By: ESSAYONS, LP, a California limited partnership
Its: Member

By: PENTORI, a California corporation
Its: General Partner

By: _____ Date: _____
Thomas G. Richards
Its: President

By: NEGOCIOS DE FAMILIA, LLC, a California limited liability company
Its: Member

By: KASHIAN ENTERPRISES, A LIMITED PARTNERSHIP,
a California limited partnership
Its: Managing Member

By: LANCE-KASHIAN & COMPANY, a California corporation
Its: General Partner

By: _____ Date: _____
Salvador Gonzales
Its: President

(Attach notary certificate of acknowledgment)

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EXHIBIT "G"
EXEMPLAR DEED OF TRUST

Recorded at the Request of
and When Recorded Return to:

City of Fresno
City Clerk's Office
2600 Fresno Street, Room 2133
Fresno, CA 93721-3605

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

TITLE ORDER NO.:_____
ESCROW NO.:_____
A.P.N.: 462-420-06 through 09

DEED OF TRUST ASSIGNMENT OF RENTS

THIS DEED OF TRUST (Deed of Trust) made this __ day of _____, 2026, by and between FCTC Family II, LP, a California limited partnership (Borrower) whose address is 255 E. River Park Circle, Suite 120, Fresno, CA 93720, Old Republic Title Company, a California Corporation (Trustee) whose address is 7451 N. Remington Avenue, Suite 102, Fresno, CA 93711, and the City of Fresno, a California Municipal Corporation whose address is City Hall, 2600 Fresno Street, Fresno, California 93721 (Beneficiary and Lender).

The Borrower, in consideration of the indebtedness herein recited and the trust herein created, does irrevocably grant and convey to the Trustee, in trust, with power of sale, all the Borrower's right, title, and interest now owned or hereafter acquired in the real property (Land) known as 200 N. Salma Avenue, Fresno, CA 93727, located in Fresno County, California and more particularly described in EXHIBIT "A" - Legal Description To Deed of Trust, incorporated by reference to the Land later acquired during the term of this Deed of Trust will be subject to this Deed of Trust, together with the rents, issues, and profits, subject however, to the right, power, and authority granted and conferred on the Borrower in this Deed of Trust to collect and apply the rents, issues, and profits; and

The Borrower also irrevocably grants, transfers, and assigns to the Trustee, in trust, with power of sale, all of the Borrower's right, title, and interest now owned or later acquired for and located at the property:

(1) All buildings (Buildings) and improvements now or later on the land and all easements, rights, appurtenances, water and water rights, minerals and mineral rights; all machinery, equipment, appliances, and fixtures for the generation or distribution of air, water, heat, electricity, light, fuel, or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin

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or insects or for the removal of dust, refuse, or garbage; all wall safes, built-in furniture, and installations, window shades and blinds, light fixtures, fire hoses and brackets, screens, linoleum, carpets, furniture, furnishings, fixtures, plumbing, laundry tubs and trays, refrigerators, heating units, stoves, water heaters, incinerators, and communication systems and installations for which any Building is specially designed; all of these item, whether now or later installed, being declared to be for all purposes of this Deed of Trust a part of the Land, the specific enumerations in this Deed of Trust not excluding the general; and

(2) The rents, issues, profits, and proceeds relating to the foregoing; and

(3) The Property to the extent not included in clauses (1) and (2) above.

TO SECURE, in order of priority that the Beneficiary determines:

(1) Payment of the indebtedness evidenced by the Note of the Borrower of even date with this Deed of Trust, or later, in the principal amount of Three Million Dollars and 00/100 ($3,000,000.00) (Note), payable to the Beneficiary or order, and all extensions, modifications, or renewals of that Note;

(2) Payment of the interest on that indebtedness according to the terms of the Note;

(3) Payment of all other sums (with interest as provided herein) becoming due and payable to the Beneficiary or the Trustee pursuant to the terms of this Deed of Trust;

(4) Performance of every obligation contained in the Note, and this Deed of Trust dated the ____ of 2026, the HOME Investment Partnerships Program Agreement dated the ___ of ____, 2026 (HOME Agreement), and the Declaration of Restrictions dated the ___ of _____, 2026, recorded concurrently herewith, any instrument now or later evidencing or securing any indebtedness secured by this Deed of Trust, and any agreements, supplemental agreements, or other instruments of security executed by the Borrower as of the same date of this Deed of Trust for the purpose of further securing any indebtedness amending this Deed of Trust or any instrument secured by this Deed of Trust (collectively, the "Loan Documents"); and

(5) Payment of all other obligations owed by the Borrower to the Beneficiary that by their terms recite that they are secured by this Deed of Trust, including those incurred as primary obligor or as guarantor.

The Borrower covenants that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is encumbered only for encumbrances of record. The Borrower covenants that the Borrower will forever warrant

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and will defend the grant made in this Deed of Trust against all claims and demands, subject to encumbrances of record. The Borrower covenants that the Borrower will maintain and preserve the lien of this Deed of Trust until all the indebtedness under the Note is paid in full.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust, the Borrower is a validly existing and is in good standing under the laws of the State of California and is qualified to do business in the State of California; that the Borrower has the requisite power and authority to own, develop, and operate the Property; and that the Borrower is in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to it.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust the execution, delivery, and performance by the Borrower and the borrowings evidenced by the Note are within the power of the Borrower; have been duly authorized by all requisite corporate or partnership actions, as appropriate; has received all necessary governmental approvals; and will not violate any provision of law, any order of any court or agency of government, the charter documents of the Borrower, or any indenture, agreement, or any other instrument to which the Borrower is a party or by which the Borrower or any of it property is bound, nor will they conflict with, result in a breach of, or constitute (with due notice and lapse of time) a default under any indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge, or encumbrance of any nature on any of the property or assets of the Borrower, except as contemplated by the provisions of the Loan Documents; and each of the Loan Documents, when executed and delivered to the Beneficiary, will constitute a valid obligation, enforceable in accordance with its terms.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust that the Property is not used principally for agricultural or grazing purposes; that the Borrower is engaged in the development of lower-income housing and that the principal purpose of the HOME Program Loan is the construction and/or substantial rehabilitation of affordable housing and improvements to the Property.

UNIFORM COVENANTS. The Borrower and the Lender covenant and agree as follows:

1. Payment of Principal. The Borrower shall promptly pay when due the principal indebtedness evidenced by the Note.

2. Hazard Insurance. The Borrower, at its sole cost and expense, for the mutual benefit of the Borrower and Beneficiary, shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as the Lender may require and, in such amount, and for such period as the Lender may require as set forth in the HOME Agreement referenced above. The insurance carrier providing the insurance shall be chosen by the Borrower subject to approval by the Lender; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to the Lender and shall include a standard mortgage clause in favor of and in a form acceptable to the Lender. The Lender shall have the right to hold the policies and renewals thereof, subject to

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the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Lender. The Lender may make proof of loss if not made promptly by the Borrower. If the Property is abandoned by the Borrower, or if the Borrower fails to respond to the Lender within 30 days from the date notice is mailed by the Lender to the Borrower that the insurance carrier offers to settle a claim for insurance benefits, the Lender is authorized to collect and apply the insurance proceeds at the Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

3. Preservation and Maintenance of Property. Leaseholds; Condominiums; Planned Unit Developments. The Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, the Borrower shall perform all of the Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. The Borrower shall not permit overcrowded conditions to exist as defined by the U.S. Department of Housing and Urban Development.

4. Protection of Lender's Security. If the Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects the Lender's interest in the Property, then the Lender, at the Lender's option, upon notice to the Borrower, may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect the Lender's interest. If the Lender requires mortgage insurance as a condition of making the loan secured by this Deed of Trust, the Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with the Borrower's and Lender's written agreement or applicable laws. Any amounts disbursed by the Lender pursuant to this Paragraph 4 shall become additional indebtedness of the Borrower secured by this Deed of Trust. Unless the Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from the Lender to the Borrower requesting payment thereof. Nothing contained in this paragraph 4 shall require the Lender to incur any expense or take any action hereunder.

5. Inspection. The Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that the Lender shall provide the Borrower notice prior to any such entry or inspection specifying reasonable cause therefore related to the Lender's interest in the Property.

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6. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

7. Borrower Not Released; Forbearance By Lender Not a Waiver. The extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by the Lender to any successor in interest of the Borrower shall not operate to release, in any manner, the liability of the original Borrower and the Borrower's successors in interest. The Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust be reason of any demand made by the original Borrower and the Borrower's successors in interest. Any forbearance by the Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be waiver of or preclude the exercise of any such right of remedy.

8. Successors and Assignees Bound; Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assignees of the Lender and the Borrower. All covenants and agreements of the Borrower shall be joint and several. Any borrower who co-signs this Deed of Trust, but does not execute the Note is: (a) co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property of Trustee under the terms of this Deed of Trust, and (b) not personally liable on the Note or under this Deed of Trust, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

9. Transferability. One of the inducements to the Beneficiary for making the Loan is the identity of the Borrower. The existence of any interest in the Property other than the interests of the Borrower and the Beneficiary and any encumbrance permitted in this Deed of Trust, even though subordinate to the security interest of the Beneficiary, and the existence of any interest in the Borrower other than those of the present owners, would impair the Property and the security interest of the Beneficiary, and, therefore, except as provided herein or in the Loan Documents, the Borrower will not sell, convey, assign, transfer, alienate, or otherwise dispose of its interest in the Property, either voluntarily or by operation of law, or agree to do so, without the prior written consent of the Beneficiary. The consent to one transaction by the Beneficiary will not be deemed a waiver of the right to require consent to further or successive transactions. If the Borrower is a corporation, any sale, transfer, or disposition of 50% or more of the voting interest of the Borrower or of any entity that directly or indirectly owns or controls the Borrower, including, without limitation, the parent company of the Borrower, and the parent company of the parent company of the Borrower, will constitute a sale of the Property for purposes of this article. If the Borrower is a partnership any change or addition of a general partner of the Borrower, change of a

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partnership interest of the Borrower with the exception of a limited partner transfer, which shall not require the Beneficiary's consent, or sale, transfer, or disposition of 50% or more of the voting interest or partnership interest of any general partner of the Borrower or of any corporation, partnership or entity that directly or indirectly owns or controls any general partner of the Borrower, including, without limitation, each parent company of a general partner of the Borrower and each parent company of any parent company of a general partner of the Borrower, will constitute a sale of the Property for purposes of this section. If the Borrower is a limited liability company, any change of the manager or any sale, transfer or disposition of 50% or more of the partnership interests of the Borrower, or disposition of 50% or more of the voting interest of the Borrower or of any corporation, partnership or entity that directly or indirectly owns or controls any member of the Borrower, including without limitations, each parent company of the Borrower and each parent company of any parent company of a member of the Borrower, will constitute a sale of the Property for purposes of this section. Any transaction in violation of this section will cause all Indebtedness, irrespective of the maturity dates, at the option of the Beneficiary and without demand or notice, immediately to become due, together with any prepayment premium in accordance with the terms of the Note except as prohibited by law.

10. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to the Borrower provided for in this Deed of Trust shall be given by delivering notice or by mailing such notice by certified mail addressed to the Borrower at the Property Address or at such other address as the Borrower may designate by notice to the Lender as provided herein, and (b) any notice to the Lender shall be given by certified mail to the Lender's address stated herein or to such other address as the Lender may designate by notice to the Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to the Borrower or Lender when given in the manner designated herein.

11. Governing Law; Severability. The State and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust or if the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses", and "attorney's fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Borrower's Copy. The Borrower shall be furnished with a copy of the Note and a conformed copy of the recorded Deed of Trust after execution and recordation thereof.

NON-CONFORMING COVENANTS. The Borrower and the Lender further covenant and agree as follows:

13. Acceleration; Remedies. Upon the Borrower's breach of any covenant or agreement of the Borrower in this Deed of Trust, including the covenants to pay when due any

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sums secured by this Deed of Trust, the Note or the HOME Program regulations, the Lender, prior to acceleration shall give notice to the Borrower as provided in paragraph 10 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than ten (10) days from the date notice is mailed to the Borrower, by which such breach must be cured or 30 days for a non-monetary default; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform the Borrower of the right to reinstate after acceleration and the right to bring court action to assert the nonexistence of a default or any other defense of the Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, the Lender, at the Lender's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. The Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 13, including, but not limited to, reasonable attorney's fees. If the Lender invokes the power of sale, the Lender shall execute or cause the Trustee to execute a written notice of the occurrence of an event of default and of the Lender's election to cause the Property to be sold and shall cause such notice to be recorded in the county in which the Property is located. The Lender or the Trustee shall mail copies of such notice in the manner prescribed by applicable law. The Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, the Trustee, without demand on the Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as the Trustee may determine. The Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. The Lender or the Lender's designee may purchase the Property at any sale. The Trustee shall deliver to the purchaser the Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. The Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person, persons, entity legally entitled thereto.

14. Borrower's Right to Reinstate. Notwithstanding the Lender's acceleration of the sums secured by this Deed of Trust due to the Borrower's breach, the Borrower shall have the right to have any proceedings begun by the Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) the Borrower pays the Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) the Borrower cures all breaches of any other covenants or agreements of the Borrower contained in this Deed of Trust; (c) the Borrower pays all

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reasonable expenses incurred by the Lender and Trustee in enforcing the covenants and agreements of the Borrower in paragraph 13 hereof, including but not limited to, reasonable attorney's fees; and (d) the Borrower takes such action as the Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and the Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by the Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

15. Nonrecourse. The sole recourse of the Lender under the Loan Documents for repayment of the Note shall be the exercise of its rights against the Property.

16. Withdrawal, Removal and/or Replacement. Unless otherwise provided herein, withdrawal of the General partner of the Borrower pursuant to the terms of a partnership agreement due to violation by a general partner of the terms of a partnership agreement, or a voluntary withdrawal from a partnership by a general partner, and any transfer of limited partnership interest or interests in the same, shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

17. Lien of Deed of Trust. The Beneficiary agrees that the lien of this Deed of Trust, recorded concurrently with the HOME Program Agreement dated _____2026, and the Declaration of Restrictions dated ___2026, shall be subordinated to any senior lender low-income housing commitment (as such term is defined in Section (42(h)(6)(B) of the internal Revenue Code) (the "Extended Use Agreement") recorded against the Property, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Property by instrument of lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code, subject to the limitations upon evictions, terminations of tenancies, and increases in gross rents of tenants of low-income units as provided in that Section.

18. Assignment of Rent; Appointment of Receiver; Lender in Possession. As additional security hereunder, the Borrower hereby assigns to the Lender the rents of the Property, upon acceleration under paragraph 13 hereof or abandonment of the Property, and have the right to collect and retain such rents as they become due and payable. Upon acceleration under paragraph 13 hereunder or abandonment of the Property, the Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by the Lender or the receiver shall be applied first to premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. The Lender and the receiver shall be liable to account only for those rents actually received.

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19. Release of Deed and Note. Upon payment of all sums secured by this Deed of Trust, the Lender shall direct the Trustee to surrender this Deed of Trust, and the note evidencing indebtedness secured by this Deed of Trust.

20. Substitute Trustee. At the Lender's option, the Lender may from time to time appoint a substitute trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by the Lender and recorded in the Fresno County Recorder's Office. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Instrument is recorded and the name and address of the substitute trustee. The substitute trustee shall, without conveyance of the Property, shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

21. Statement of Obligation. The Lender may collect a fee not to exceed seventy-five dollars and 00/100 ($75.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

22. Event of Default. Prior to declaring or taking any remedy permitted under Loan Documents (where applicable) the Borrower's limited partners shall have an additional period of not less than 30 days to cure such alleged default. Notwithstanding the foregoing, in the case of a default that cannot with reasonable diligence be remedied or cured within 30 days, the Borrower's authorized representatives shall have such additional time as reasonably necessary to remedy or cure such default, but in no event more than 90 days from the expiration of the initial 30 day period, and if the Borrower's limited partners reasonably believe that in order to cure such default. To the extent that there is a conflict between this paragraph 22 and any remedy permitted by the HOME Agreement, Loan Documents, or Loan, the terms of this paragraph 22 shall control.

The following events are each an "Event of Default":

(a) Default in the payment of any sum of principal or interest when due under the Note or any other sum due under the Loan Documents (without cure during the applicable period, if any, for cure).

(b) Failure to maintain insurance as provided in Section 2 hereof.

(c) The failure (without cure during the applicable period, if any, for cure) of the Borrower to observe, perform, or discharge any obligation, term, covenant, or condition of any of the Loan Documents, any agreement relating to the Property, or any agreement or instrument between any Loan Party and the Beneficiary.

(d) The assignment by the Borrower, as lessor or sublessor, of the rents or the income of the Property or any part of it (other than to the Beneficiary) without first obtaining the written consent of the Beneficiary.

(e) The following events:

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(i) the filing of any claim or lien against the Property or any party of it, whether or not the lien is prior to this Deed of Trust, and the continued maintenance of the claim or lien for a period of 30 days without discharge, satisfaction, or adequate bonding in accordance with the terms of this Deed of Trust;

(ii) the existence of any interest in the Property other than those of the Borrower, Beneficiary, any tenants of the Borrower, and anyone listed in a title exception approved by the Beneficiary in writing; or

(iii) the sale, hypothecation, conveyance, or other disposition of the Property except with the express written approval of the Beneficiary, any of which will be an Event of Default because the Borrower's obligation to own and operate the Property is one of the inducements to the Beneficiary to make the Loan;

(f) Default under any agreement to which the Borrower is a party, which agreement relates to the borrowing of money by the Borrower from the Beneficiary.

(g) Any presentation or warranty made by any Loan Party or any other Person under this Deed of Trust or in, under, or pursuant to the Loan Documents, is false or misleading in any material respect as of the date on which the representation or warranty was made.

(h) Any of the Loan Documents, at any time after their respective execution and delivery and for any reason, cease to be in full force or are declared null and void, or the validity or enforceability is contested by the Borrower or any stockholder or partner of the Borrower, or the Borrower denies that it has any or further liability or obligation under any of the Loan Documents to which it is a party.

If one or more Event of Default occurs and is continuing, then the Beneficiary may declare all the Indebtedness to be due and the Indebtedness will become due without any further presentment, demand, protest, or notice of any kind, and the Beneficiary may:

(i) in person, by agent, or by a receiver, and without regard to the adequacy of security, the solvency of the Borrower, or the existence of waste, enter on and take possession of the Property or any party of it in its own name or in the name of Trustee, sue for or otherwise collect the rents, issues, and profits, and apply them, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon the Indebtedness, all in any order that the Beneficiary many determine. The entering on and taking possession of the Property, the collection of rents, issues, and profits, and the application of them will not cure or waive any default or notice of default or invalidate any act done pursuant to the notice;

(ii) commence an action to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages of real property;

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(iii) deliver to the Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause the Property to be sold, which notice the Trustee or the Beneficiary will cause to be filed for record;

(iv) with respect to any Personalty, proceed as to both the real and personal property in accordance with the Beneficiary's rights and remedies in respect of the Land, or proceed to sell the Personalty separately and without regard to the Land in accordance with the Beneficiary's rights and remedies; or

(v) exercise any of these remedies in combination or any other remedy at law or in equity.

23. Protection of Security. If an Event of Default occurs and is continuing, the Beneficiary or Trustee, without notice to or demand upon the Borrower, and without releasing the Borrower from any obligations or defaults may:

(a) enter on the Property in any manner and to any extent that either deems necessary to protect the security of this Deed of Trust;

(b) appear in and defend any action or proceeding purporting to affect, in any manner, the Obligations or the Indebtedness, the security of this Deed of Trust, or the rights or powers of Beneficiary or Trustee;

(c) pay, purchase, or compromise any encumbrance, charge, or lien that in the judgment of Beneficiary or Trustee is prior or senior to this deed of Trust; and

(d) pay expenses relating to the Property and its sale, employ counsel, and pay reasonable attorneys' fees.

The Borrower agrees to repay on demand all sums expended by the Trustee or the Beneficiary pursuant to this section with interest at the Note Rate of Interest, and those sums, with interest, will be secured by this Deed of Trust.

24. Effect of Assignment. The assignment of rents as provided herein will not impose on the Beneficiary any duty to produce rents, issues, or profits from the Property, or cause the Beneficiary to be:

(a) a "mortgagee-in-possession" for any purpose;

(b) responsible for performing any of the obligations of the lessor under any of the Leases; or

(c) responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property.

The Beneficiary will not be liable to the Borrower as a consequence of the exercise of the rights granted to the Beneficiary under this assignment or the failure of the Beneficiary to perform any obligation of the Borrower arising under Leases.

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IN WITNESS WHEREOF, the Borrower has executed this Deed of Trust on the day and year set forth above. By signing below, the Borrower agrees to the terms and conditions as set forth above.

BORROWER:
FCTC Family II, LP
a California limited partnership

By: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: _____ Date: _____
David Rutledge
Its: President

By: DOMINUS CONSORTIUM FAMILY, LLC, a California limited liability company
Its: Administrative General Partner

By: ESSAYONS, LP, a California limited partnership
Its: Member

By: PENTORI, a California corporation
Its: General Partner

By: _____ Date: _____
Thomas G. Richards
Its: President

By: NEGOCIOS DE FAMILIA, LLC, a California limited liability company
Its: Member

By: KASHIAN ENTERPRISES, A LIMITED PARTNERSHIP,
a California limited partnership
Its: Managing Member

By: LANCE-KASHIAN & COMPANY, a California corporation
Its: General Partner

By: _____ Date: _____
Salvador Gonzales
Its: President

(Attach notary certificate of acknowledgment)

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EXHIBIT "A"
Legal Description
To Deed of Trust

The land referred to is situated in the County of Fresno, City of Fresno, State of California, and is described as follows:

Parcels G, H, I, J, and K of Parcel Map No. 2007-41 Phase II, according to the map thereof filed for record August 5, 2022 in Book 77 of Parcel Maps, at Pages 22 through 25, Fresno County Records.

APN: 462-420-06 through -09

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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 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 (Borrower) 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 therefor, 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 violations 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 the Beneficiary fire insurance satisfactory to and with loss payable to the Beneficiary. The amount collected under any fire or other insurance policy may be applied by the Beneficiary upon indebtedness secured hereby, and in such order as the Beneficiary may determine, or at the option of the Beneficiary, the entire amount so collected or any part thereof may be released to the Borrower. 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 the Beneficiary or the 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 the Beneficiary or the Trustee may appear, and in any suit brought by the Beneficiary to foreclose this Deed of Trust.

(4) To pay at least ten (10) 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 the Borrower fail to make any payment or to do any act as herein provided, then the Beneficiary or the Trustee, but without obligation to do so and without notice to or demand upon the Borrower and without releasing the Borrower 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 the Beneficiary or the 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 the Beneficiary or the 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

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any such powers, pay necessary expenses, employ counsel and pay his/her reasonable attorney's fees.

(5) To pay immediately and without demand all sums so expended by the Beneficiary or the 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 the Beneficiary who may apply or release such moneys received by it 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, the Beneficiary does not waive its rights 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 therefor and without notice, upon written request of the 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, the Trustee may reconvey any part of said property, consent to the making of any map or plot thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of the Beneficiary, state that all sums secured hereby have been paid, and upon surrender of this Deed and said Note to the Trustee for cancellation and retention and upon payment of its fees, the 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 (5) years after issuance of such full reconveyance, the Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, the Borrower hereby gives to and confers upon the Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto the Borrower the right, prior to any default by the Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect the rents, issues and profits of said property, reserving unto the Borrower the right, prior to any default by the Borrower 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, the 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

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take possession of said property or any part thereof, in its 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 the 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 the Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder. The Beneficiary may declare all sums secured hereby immediately due and payable by delivery to the 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 the Trustee shall cause to be filed for record. The 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, the Trustee, without demand on the Borrower, 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 in lawful money of the United States, payable at time of sale. The 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 preceding 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 the Borrower, Trustee, or the Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of the Trustee and of this Trust, including cost of evidence of title in connection with sale, the 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) The 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 the Borrower, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

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(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 the Beneficiary herein in this Deed of Trust, 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. The 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 the Borrower, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD
REQUEST FOR FULL RECONVEYANCE
To be used only when Note has been paid:
To Old Republic Title Company, Trustee: Dated _____

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 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 said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

MAIL RECONVEYANCE TO:
By _____
Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance is made.