

Has the meaning set forth in RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Fresno
2600 Fresno Street
Fresno, California 93721

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
Welcome Home

This Regulatory Agreement and Declaration of Restrictive Covenants (the Regulatory Agreement) is dated April 10, 202~~3~~⁴ and is between the City of Fresno (the City), and Valley Teen Ranch, a California nonprofit public benefit corporation (Borrower), and for the benefit as a third-party beneficiary the State of California Department of Housing and Community Development (HCD).

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Regulatory Agreement.

B. Borrower intends to purchase, or has purchased concurrently, that certain real property located in the City of Fresno, County of Fresno, State of California, as more particularly described in Exhibit A (the Property). Borrower intends to develop thereon 96 housing units located on the Property for rental to low-income households, including one manager's unit (Project). Together the Property and its improvements are the "Development".

C. Pursuant to a Standard Agreement, dated March 19, 2024, and related documents (collectively, the Homekey Documents), HCD is making a grant of funds from its Homekey Program in the amount of \$21,983,607 (the Homekey Funds) to the City and certain affiliates of the Borrower to assist in the construction of the Development.

D. The City has agreed to co-sponsor the Homekey Funds on the condition that Borrower maintain and operate the Development in accordance with restrictions set forth in the Homekey Documents (the Homekey Restrictions) and this Regulatory Agreement. These restrictions are intended to bind Borrower, and all purchasers of the Property and their successors.

E. Borrower 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 the Homekey Documents and this Regulatory Agreement, all of which are declared and agreed to be in furtherance of the Project. All the 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 it. 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 Regulatory Agreement commencing on the date the Borrower is notified by the City that the Project is complete, as memorialized by a Certificate of Completion issued by the City, constituting the commencement of the 55-year Affordability Period.

F. In consideration of receipt of the Homekey Funds, Borrower agrees to observe all the terms and conditions set forth below.

AGREEMENT

ARTICLE 1

DEFINITIONS

1.1 Definitions. The following terms have the following meanings:

- (a) "City" means the City of Fresno, California, a municipal corporation.
- (b) "Development" has the meaning set forth in Paragraph B of the Recitals.
- (c) "Fifteen Year HCD Term" means the 15-year term of Homekey Restrictions as described in the Standard Agreement.
- (d) "Homekey Documents" has the meaning set forth in Paragraph C of the Recitals.
- (e) "Homekey Funds" has the meaning set forth in Paragraph C of the Recitals.
- (f) "Homekey Restrictions" has the meaning set forth in Paragraph D of the Recitals.
- (g) "Project" has the meaning set forth in Paragraph B of the Recitals.
- (h) "Property" has the meaning set forth in Paragraph B of the Recitals.
- (i) "Regulatory Agreement" has the meaning set forth in the first paragraph of this Regulatory Agreement.
- (j) "Tenant" means the tenant household that occupies a Unit in the Development.
- (k) "Term" or "Affordability Period" means the term of this Regulatory Agreement which commences as of the date of this Regulatory Agreement, and unless sooner terminated pursuant to the terms of this Regulatory Agreement, expires on the 55th anniversary of the Completion Date, as defined by the City's issuance of a Certification of Completion for the Project.
- (l) "Transfer" has the meaning set forth in Section 6.1.
- (m) "Unit(s)" means one or more of the affordable units in the Development.

ARTICLE 2

DECLARATIONS AND RESTRICTIONS

2.1 Declaration. The Borrower 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 Homekey Documents and are established and agreed upon for the purpose of enhancing and protecting the value of the Property.

2.2 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 all such covenants and restrictions are for the benefit and protection of the City and shall run with the Property and be binding on any future owners of the Property and inure to the benefit of and be enforceable by City.

These covenants and restrictions are as follows:

a. The Borrower for itself and its successor(s) on title covenants and agrees that from the date the Project is determined by the City to be complete, until the expiration of the Affordability Period, shall cause all Units to be used as rental affordable housing in conformity with the Homekey Restrictions. The Borrower further agrees to file a recordable document setting forth the Project Completion Date when determined by the City. Unless otherwise provided in the Agreement, the term Affordable Housing 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 Borrower 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 Units upon the Property shall be leased only to eligible natural persons, who shall occupy the Units as the Tenants' principal place of residence. The forgoing requirement that the Tenant occupy the Unit as their principal residence does not apply to (i) persons, other than natural persons, who acquire the Property or portion thereof by foreclosure or deed in lieu of foreclosure; or qualified entities that acquire the Property or portion thereof with the consent of the City.

iii. Household Income/Occupancy Requirements. From the date of this Agreement through the 55th anniversary thereof, Borrower shall abide by the occupancy standards, occupancy assumptions, income limits, and rent levels that are permitted on Exhibit B (the Rent or Rental Restrictions), attached hereto and incorporated herein. Pursuant to the terms of Section B.1 of the Exhibit E of the Standard Agreement, this provision shall apply to the Property even after the expiration of the Fifteen Year HCD Term.

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

ARTICLE 3
INCOME CERTIFICATION; REPORTING; RECORDS

3.1 Income Certification. Borrower shall obtain, complete, and maintain on file, before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by the applicant or occupying household, as the case may be, in an income certification.

3.2 Reporting Requirements.

(a) Upon the request of City, Borrower shall submit to the City not later than 45 days after the close of each calendar year, or such other date as may be requested by the City, a report that includes the following data for each Unit: (i) Tenant income, (ii) the number of occupants, (iii) the Rent, (iv) the number of bedrooms, and (v) the initial address of each Tenant. To demonstrate continued compliance with this Section, Borrower shall cause each annual report after the initial report to include a record of any subsequent Tenant substitutions and any vacancies in Units that have been filled.

(b) Borrower shall submit to the City within 45 days after receipt of a written request, or such other time agreed to by the City, any other information or completed forms requested by the City.

3.3 Tenant Records. Borrower shall maintain complete, accurate and current records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be at all times: (i) separate and identifiable from any other business of Borrower, (ii) maintained as required by the City, in a reasonable condition for proper audit, and (iii) subject to examination during business hours by representatives of the City. Borrower shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five years. The City may examine and make copies of all books, records or other documents of Borrower that pertain to the Development.

3.4 Development Records.

(a) Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants, and conditions of the Homekey Documents to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this Regulatory Agreement. Borrower shall cause all books, records, and accounts to be open to and available for inspection and copying by the City, its auditors, or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the City at all reasonable times at the place that the books, records, and accounts of Borrower are kept. Borrower shall preserve such records for a period of not less than five years after their creation in compliance accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection, or other action relating to the use of the Homekey Funds is pending at the end of the record retention period stated herein, then Borrower shall retain the records until such action and all related issues are resolved.

(b) The City shall notify Borrower of any records it deems insufficient. Borrower has 15 calendar days after the receipt of such a notice to correct any deficiency in the records specified by the City in such notice, or if a period longer than 15 days is reasonably necessary to correct the deficiency, then Borrower must begin to correct the deficiency within 15 days and correct the deficiency as soon as reasonably possible.

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Compliance with Homekey Documents and Homekey Requirements. Borrower's actions with respect to the Property shall at all times be in full conformity with all requirements of the Homekey Restrictions.

ARTICLE 5 PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. Borrower is responsible for all management functions with respect to the Development, including without limitation the selection of Tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the City in its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager shall reside at the Property.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the City, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing.

ARTICLE 6 MISCELLANEOUS

6.1 Transfers.

(a) For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under the Homekey Documents; and/or (ii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" excludes the leasing of any single unit in the Development to an occupant in compliance with this Regulatory Agreement.

(b) Except as otherwise permitted in this Section 6.1, or as set forth in the Homekey Documents, no Transfer is permitted without the prior written consent of the City, which the City may withhold in its reasonable discretion.

6.2 Application of Provisions. The provisions of this Regulatory Agreement apply to the Property for the entire Term, unless the Homekey Restrictions shall no longer

apply to the Property than this Regulatory Agreement shall terminate. This Regulatory Agreement binds any successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City.

6.3 Intentionally Deleted.

6.4 Covenants to Run with the Land. The City and Borrower hereby declare their express intent that the covenants and restrictions set forth in this Regulatory Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the Term said covenants and restrictions expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, is to be held conclusively to have been executed, delivered and accepted subject to the covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Regulatory Agreement.

6.5 Enforcement by the City. Without waiver or limitation, the City shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any Covenant or Restriction.

(a) If Borrower fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within 60 days after the City has notified Borrower in writing of the default, the City may enforce this Regulatory Agreement by any or all of the following actions, or any other remedy provided by law:

(1) Action to Compel Performance or for Damages. The City may bring an action at law or in equity to compel Borrower's performance of its obligations under this Regulatory Agreement and may seek damages.

(2) Remedies Provided Under Homekey Documents. HCD may exercise, as third-party beneficiary, any other remedy provided under the Homekey Documents.

HCD may take any action of enforcement under this Regulatory Agreement as a third-party beneficiary hereunder but shall have no obligations of enforcement under this Regulatory Agreement.

6.6 Acceptance and Ratification. All present and future owners of the Property and other persons claiming by, through, 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, tenant or occupant, and such Covenant and Restriction shall be a covenant running with the land and shall bind any person 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, the Affordability Period 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 affordability. However, the requirements with respect to any Unit shall be revived according to their original terms, if during the original Affordability Period, 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 Affordability Period shall be revived according to its original terms.

6.7 Benefit. This Regulatory Agreement shall run with and bind the Property for a term of 55-years from the date of recordation of the Notice of Completion. The failure or delay at any time of City and/or any other person entitled to enforce this Agreement 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.

6.8 Attorneys' Fees and Costs. In any action brought to enforce this Regulatory Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including reasonable attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.9 Recording and Filing. The City and Borrower shall cause this Regulatory Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of Fresno.

6.10 Governing Law. This Regulatory Agreement is governed by the laws of the State of California.

6.11 Waiver of Requirements. No waiver of any provision of this Agreement or consent to any departure by the Borrower there from 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 Borrower in any case shall entitle Borrower 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 future action in any circumstances without notice or demand.

6.12 Amendments. This Regulatory Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title that is duly recorded in the official records of the County of Fresno.

6.13 Notices. Any notice requirement set forth herein will be deemed to be satisfied three days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

City: City of Fresno
2600 Fresno Street
Fresno, California 93721
Attn: Housing and Community Development Division

Borrower: Valley Teen Ranch
Attn: Chief Executive Officer
2610 W Shaw Lane, Suite 105
Fresno, California 93711

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.14 Severability. If any provision of this Regulatory Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining portions of this Regulatory Agreement will not in any way be affected or impaired thereby.

6.15 Multiple Originals; Counterparts. This Regulatory Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

6.16 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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Regulatory Agreement to be executed below.

CITY OF FRESNO,
a California municipal corporation

By: _____
Georgeanne A. White
City Manager
(Attach notary certificate of acknowledgment)

Date: _____

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: Tracy N. Parvanian
Tracy N. Parvanian
Supervising Deputy City Attorney

Date: 4-17-24

ATTEST:
TODD STERMER, CMC
City Clerk

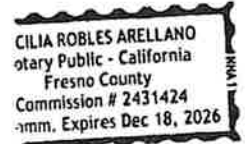
By: _____
Deputy

Date: _____

Valley Teen Ranch
a California nonprofit public benefit corporation

By: Andrea Evans
Andrea Evans
Chief Executive Officer

By: Donna Callahan
Donna Callahan
Secretary



CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California

County of Fresno

On April 10, 2024 before me, Cecilia Robles Arellano, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Andrea Michele Evans and
Donna Marie Callahan
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature

[Signature]

Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Regulatory Agreement Declaration of Restrictive

Document Date: 4/10/2024 Number of Pages: 11 Covenants

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Andrea Michele Evans

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Signer's Name: Donna Marie Callahan

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

EXHIBIT "A"
LEGAL DESCRIPTION

LEGAL DESCRIPTION

LOT 105 OF THE J.C. FORKNER FIG GARDENS SUBDIVISION NO. 2, IN THE CITY OF FRESNO, COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 8, PAGE 66 OF PLATS, FRESNO COUNTY RECORDS. EXCEPTING THEREFROM ANY PORTION THEREOF LYING WITHIN TRACT NO. 4229, TREND HOMES NO. 23, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 52, PAGES 81 AND 82 OF PLATS, FRESNO COUNTY RECORDS. ALSO EXCEPTING THEREFROM ANY PORTION THEREOF LYING WITHIN TRACT NO. 4343, TREND HOMES NO. 24 ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 53, PAGES 51, 52 AND 53 OF PLATS, FRESNO COUNTY RECORDS. ALSO EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF IN ALL OIL, GAS AND OTHER HYDROCARBONS AND MINERALS NOW OR AT ANY TIME SITUATED IN, ON OR UNDER SAID LAND, AS RESERVED BY IOLA MAE LIDDELL, ET AL, IN DEED RECORDED MAY 19, 1969, IN BOOK 5688, PAGE 59 OF OFFICIAL RECORDS, DOCUMENT NO. 34448.
APN: 506-130-04

EXHIBIT "B"
Rental Restrictions

Number of Units	Bedroom Type	Income Limit AMI
95	1 BR	30%
1 (manager unit)	1BR	None