

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Monterey
Housing & Community Development Department
1441 Schilling Place, 2nd Floor, South
Salinas, CA 93901
Attention: Attn: Housing Program Manager

**This instrument exempt from Recording Fees
(Govt. Code §27383) and from Documentary
Transfer Tax (Rev. and Taxation Code § 11922)**

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
(Sun Rose Housing)

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is dated as of May 1, 2021 (the "Effective Date"), and is by and between the County of Monterey, a political subdivision of the State of California (the "County"), and Sun Rose Housing, LLC, a California limited liability company (the "Borrower").

RECITALS

- A. Defined terms used but not defined in these recitals are as defined in Article 1 of this Agreement.
- B. Borrower has acquired the real property commonly known as at 439 Soledad Street in the City of Salinas, County of Monterey, State of California as more particularly described in Exhibit A (the "Property"). Borrower intends to construct on the Property a multi-family rental development consisting of seventeen units, a portion of which will be for rent to low-income households, very-low-income households, or Medi-Cal eligible households, plus one manager's unit, of permanent and transitional housing for families or individuals, (the "Development"). Eight of the units will be for transitional housing, configured as each of the eight bedrooms in an eight-bedroom unit (the "Transitional Units"). Nine of the units will be for permanent housing (the "Permanent Units"). The Development as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".
- C. Pursuant to a County Grant Agreement Whole Person Care – Permanent Housing by and between the County and Borrower dated as of May 1, 2021 (the "County Permanent WPC Grant Agreement"), the County is granting Borrower \$1,738,296 (the "County Permanent WPC Grant") to be used by the Borrower for the construction and permanent financing of the Permanent Units, in connection with the revised Monterey County Whole Person Care Pilot Application, submitted to the California Department of Health Care Services on October 20, 2016, and revised for the Round 2 Application submitted March 1, 2017 (the "Whole Person

Care Pilot").

- D. Pursuant to a County Grant Agreement Whole Person Care – Transitional Housing by and between the County and Borrower dated as of May 1, 2021 (the "County Transitional WPC Grant Agreement"), the County is granting Borrower \$669,491 (the "County Transitional WPC Grant") to be used by the Borrower for the construction and permanent financing of the Transitional Units, in connection with the Whole Person Care Pilot.
- E. Pursuant to a County Grant Agreement Inclusionary Housing Funds - Capital by and between the County and Borrower dated as of April 19, 2021 (the "County IH Grant Agreement"), the County is granting \$550,000 (the "County IH Grant") to be used by the Borrower for the construction and permanent funding of, and for a capitalized operating subsidy reserve to assist in the operation of, the Transitional Units.
- F. The County has received funds from the United States Department of Housing and Urban Development ("HUD") under Title I of the Housing and Community Development Act of 1974, as amended ("CDBG Funds"). The CDBG Funds must be used by the County in accordance with 24 C.F.R. Part 570.
- G. Pursuant to a County Grant Agreement Community Development Block Grant Funds by and between the County and Borrower dated as of April 19, 2021 (the "County CDBG Grant Agreement"), the County is granting Borrower \$1,066,771 (the "County CDBG Grant") to be used by the Borrower for the construction and permanent financing of the Transitional Units.
- H. The County has the authority to grant the CBDG Funds pursuant to 24 C.F.R. § 570.202.
- I. The County Permanent WPC Grant Agreement, the County Transitional WPC Grant Agreement, the County IH Grant Agreement, and the County CDBG Grant Agreement (each separately, and collectively, the "Grant Agreement") represent a combined a total grant by the County to the Borrower of \$4,054,558 (collectively, the "Grant").
- J. The County agrees to the Grant on the condition that Borrower maintain and operate the Development in accordance with restrictions set forth in this Agreement and in the related documents evidencing the Grant.
- K. In consideration of receipt of the Grant at an interest rate substantially below the market rate, Borrower agrees to observe all the terms and conditions set forth below.

The parties therefore agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

The following terms have the following meanings in this Agreement:

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

(b) "Adjusted Income" means the total anticipated annual income of all persons in the Tenant household as defined in 24 C.F.R. § 5.609 and as calculated pursuant to 24 C.F.R. § 5.611, or, when applicable with respect to initial Tenant household income eligibility, as defined and calculated pursuant to applicable Medi-Cal eligibility rules issued or endorsed by the California Department of Health Care Services in connection with the Whole Person Care Pilot.

(c) "Agreement" has the meaning set forth in the first paragraph of this Agreement.

(d) "CDBG" means the Community Development Block Grant Program, funded pursuant to Title I of the Housing and Community Development Act of 1974 (42 U.S.C. § 5301, et seq.).

(e) "CDBG-Assisted Units" means the Transitional Units.

(f) "CDBG Funds" has the meaning set forth in Paragraph F of the Recitals.

(g) "County" means the County of Monterey, a political subdivision of the State of California.

(h) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the County to certify that the Development may be legally occupied.

(i) "County-Assisted Units" means the 17 units within the Development designated as assisted by the County under this Agreement. The County-Assisted Units consist of the eight Transitional Units, and the nine Permanent Units.

(j) Reserved.

(k) "Development" has the meaning set forth in Paragraph B of the Recitals.

(l) "HUD" has the meaning set forth in Paragraph F of the Recitals.

(m) "Grant" has the meaning set forth in Paragraph I of the Recitals.

(n) "Grant Agreement" has the meaning set forth in Paragraph I of the Recitals.

(o) "Grant Documents" means the documents evidencing the Grant including this Agreement and each Grant Agreement.

(p) Reserved.

(q) "Low-Income Household" means a Tenant with an Adjusted Income that does not exceed 80% of Median Income, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80% of Median Income if HUD finds that such variations are necessary because of unusually high or low family incomes.

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

(s) "Medi-Cal Eligible Household" means a Tenant with an Adjusted Income that does not exceed 138% of the poverty level, as determined in accordance with applicable Medi-Cal eligibility rules issued or endorsed by the California Department of Health Care Services in connection with the Whole Person Care Pilot.

(t) "Property" has the meaning set forth in Paragraph B of the Recitals.

(u) "Rent" means the total monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities, any separately charged fees or service charges assessed by Borrower which are customarily charged in rental housing and required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking, and refrigeration fuel, but not telephone service or cable TV; and 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 Borrower, and paid by the Tenant.

(v) "Tenant" means the tenant household that occupies a Unit in the Development.

(w) "Term" means the term of this Agreement which commences as of the Effective Date, and unless sooner terminated pursuant to the terms of this Agreement, expires on the date 20 years after the Effective Date of the County CDGB Grant Agreement (as defined therein).

(x) "Unit(s)" means one (1) or more of the units in the Development.

(y) "Very-Low Income-Household" means a Tenant with an Adjusted Income that does not exceed 50% of Median Income, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50% of Median Income if HUD finds that such variations are necessary because of unusually high or low family incomes.

ARTICLE 2
AFFORDABILITY AND OCCUPANCY AGREEMENTS

2.1 Occupancy Requirements.

(a) Affordability Requirements. The County-Assisted Units shall be rented to, and occupied by or, if vacant, available for occupancy by Low-Income Households, Very-Low-Income Households, or Medi-Cal Eligible Households, as follows:

Unit Type	Number of Units	Affordability Requirement
Permanent Units (studio)	2	The lower of Low Income or Medi-Cal Eligible
Permanent Units (one bedroom)	7	The lower of Low Income or Medi-Cal Eligible
Transitional Units	8	The lower of Very Low Income or Medi-Cal Eligible

(b) Intermingling of Units. Borrower shall cause all the County-Assisted Units to be intermingled throughout the Development and of comparable quality to all other Units. All Tenants must have equal access to and enjoyment of all common facilities in the Development.

(c) Disabled Persons Occupancy. Borrower shall cause the Development to be always operated in compliance with the provisions of: (i) the Unruh Act, (ii) the California Fair Employment and Housing Act, (iii) Section 504 of the Rehabilitation Act of 1973, (iv) the United States Fair Housing Act, as amended, and (v) the Americans With Disabilities Act of 1990, which relate to disabled persons' access. Borrower shall indemnify, protect, hold harmless and defend (with counsel reasonably satisfactory to the County) the County, and its board members, officers, and employees, from all suits, actions, claims, causes of action, costs, demands, judgments, and liens arising out of Borrower's failure to comply with applicable legal requirements related to housing for persons with disabilities. The provisions of this subsection will survive expiration of the Term or other termination of this Agreement, and remain in full force and effect.

2.2 Allowable Rent.

(a) Rent. Subject to the provisions of Section 2.3 below, the Rent paid by Tenants of the County-Assisted Units shall not exceed 30% of 80% of Median Income.

(b) No Additional Fees. Borrower may not charge any fee, other than Rent, to any Tenant of the County-Assisted Units for any housing or other services provided by Borrower.

2.3 Rent Increases; Increased Income of Tenants.

(a) Rent Increases. All Rent increases for County-Assisted Units are subject to County approval; provided, however for any County-Assisted Unit that receives a rent subsidy pursuant to a separate rent subsidy contract between Borrower and a third-party, the Rent for such County-Assisted Unit may be increased pursuant to such rent subsidy contract, subject to the limitation set forth in Section 2.2. Unless otherwise agreed to in writing by the County, the Rent for each County-Assisted Unit may be increased no more than once annually. Tenants are to be given at least 30 days written notice prior to any Rent increase.

(b) Non-Qualifying Household. If, upon the annual certification of the income a Tenant of a County-Assisted Unit, Borrower determines that the income of a Low-Income Household has increased above the qualifying limit for a Low-Income Household, that the income of a Very-Low Income Household has increased above the qualifying limit for a Very-Low Income Household, or that the income of a Medi-Cal Eligible Household has increased above the qualifying limit for a Medi-Cal Eligible Household, as applicable, the Tenant may continue to occupy the Unit. Upon the expiration of such Tenant's lease, Borrower may: (1) with 30 days advance written notice, increase such Tenant's Rent to one-twelfth (1/12th) of 30% of the actual Adjusted Income of the Tenant, and (2) rent the next available Unit to a Low-Income Household, Very-Low Income Household or Medi-Cal Eligible Household, as applicable, to comply with the requirements of Section 2.1 above, at a Rent not exceeding the maximum Rent specified in Section 2.2, or designate another comparable Unit that is occupied by a Low-Income Household, Very-Low Income Household, or Medi-Cal Eligible Household, as applicable, to meet the requirements of Section 2.1 above.

(c) Termination of Occupancy. Upon termination of occupancy of a County-Assisted Unit by a Tenant, such Unit will be deemed to be continuously occupied by a Low-Income Household, Very-Low Income Household, or Medi-Cal Eligible Household, as applicable, as the initial income level of the vacating Tenant, until such unit is reoccupied, at which time categorization of the Unit will be established based on the occupancy requirements of Section 2.1.

2.4 Units Available to the Disabled. Borrower shall construct the Development in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations.

ARTICLE 3
INCOME CERTIFICATION AND REPORTING

3.1 Income Certification. Borrower shall obtain, complete, and maintain on file, within 60 days before expected occupancy and annually thereafter, income certifications from each Tenant renting any of the County-Assisted Units. Borrower shall make a good faith effort to verify the accuracy of the income provided by the applicant or occupying household in an income certification. To verify the information Borrower shall take two or more of the following

steps: (i) obtain a pay stub for the most recent pay period; (ii) obtain an income tax return for the most recent tax year; (iii) conduct a credit agency or similar search; (iv) obtain an income verification form from the applicant's current employer; (v) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; and/or (vi) if the applicant is unemployed and does not have a tax return, obtain another form of independent verification. Copies of Tenant income certifications are to be available to the County upon request.

3.2 Reporting Requirements. Borrower shall submit to the County (a) not later than 45 days after the close of each calendar year, or such other date as may be requested by the County, a statistical report, including income and rent data for all Units, setting forth the information called for therein, and (b) within 15 days after receipt of a written request, any other information or completed forms requested by the County in order to comply with reporting requirements of HUD, the State of California, and the County.

3.3 Additional Information. Borrower shall provide any additional information reasonably requested by the County.

3.4 Records. Borrower shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the County to inspect records, including records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development are to be always: (i) separate and identifiable from any other business of Borrower, (ii) maintained as required by the County, in a reasonable condition for proper audit, and (iii) subject to examination during business hours by representatives of the County. 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 County may examine and make copies of all books, records or other documents of Borrower that pertain to the Development.

3.5 On-Site Inspection. The County may perform an on-site inspection of the Development at least one time per year. Borrower shall cooperate in such inspection.

ARTICLE 4 OPERATION OF THE DEVELOPMENT

4.1 Residential Use. Borrower shall operate the Development for residential use only. No part of the Development may be operated as transient housing; provided, however, that nothing in this Agreement shall be construed to prevent use of eight Units in the Development for transitional housing.

4.2 Compliance with Grant Documents and Program Requirements. Borrower's actions with respect to the Property shall always conform with: (i) all requirements of the Grant Documents; (ii) all requirements imposed on projects assisted with CDBG Funds as contained in 42 U.S.C. section 5301, et seq., 24 C.F.R. Part 570, and other implementing rules and regulations, and (iii) any other regulatory requirements imposed on the Development.

4.3 Taxes and Assessments. Borrower shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Borrower may contest in good faith, any such taxes, assessments, or charges. In the event Borrower exercises its right to contest any tax, assessment, or charge against it, Borrower, on final determination of the proceeding or contest, will immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges, and interest.

4.4 Reserved.

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 County has no responsibility for management of the Development. Borrower shall retain a professional property management company approved by the County in its reasonable discretion to perform Borrower's management duties hereunder. An on-site property manager is also required.

5.2 Management Agent. Borrower shall cause the Development to be managed by an experienced management agent reasonably acceptable to the County, with a demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (the "Management Agent"). The County has approved Interim, Inc., as the Management Agent. Borrower shall submit for the County's approval the identity of any proposed subsequent management agent. Borrower shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for the County to determine whether the proposed management agent meets the standard for a qualified management agent set forth above. If the proposed management agent meets the standard for a qualified management agent set forth above, the County shall approve the proposed management agent by notifying Borrower in writing. Unless the proposed management agent is disapproved by the County within 30 days, which disapproval is to state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.3 Periodic Performance Review. The County reserves the right to conduct an annual (or more frequently, if deemed necessary by the County) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable the County to determine if the Development is being operated and managed in accordance with the requirements and standards of this Agreement. Borrower shall cooperate with the County in such reviews.

5.4 Replacement of Management Agent. If, because of a periodic review, the County

determines in its reasonable judgment that the Development is not being operated and managed in accordance with any of the material requirements and standards of this Agreement, the County shall deliver notice to Borrower of its intention to cause replacement of the Management Agent, including the reasons therefor. Within 15 days of receipt by Borrower of such written notice, the County staff and Borrower shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent.

If, after such meeting, County staff recommends in writing the replacement of the Management Agent, Borrower shall promptly dismiss the then-current Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a management agent set forth in Section 5.2 above and approved by the County pursuant to Section 5.2 above.

Any contract for the operation or management of the Development entered by Borrower shall provide that the Management Agent may be dismissed, and the contract terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section constitutes a default under this Agreement, and the County may enforce this provision through legal proceedings as specified in Section 6.7 below.

5.5 Approval of Management Policies. Borrower shall submit its written management policies with respect to the Development to the County for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

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

The County places prime importance on quality maintenance to protect its investment and to ensure that all County and County-assisted affordable housing projects within the County are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Development will be acceptable to the County assuming Borrower agrees to provide all necessary improvements to assure the Development is maintained in good condition. Borrower shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

Should Borrower breach any covenant contained in this section and such default continues for a period of 10 days after written notice from the County with respect to graffiti, debris, waste material, and general maintenance, or 30 days after written notice from the County with respect to landscaping and building improvements, then the County, in addition to whatever other remedy it may have at law or in equity, has the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant

to such right of entry, the County is permitted (but is not required) to enter upon the Property and to perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the County and/or costs of such cure, which amount shall be promptly paid by Borrower to the County upon demand.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions. In leasing the Units within the Development, Borrower shall use a form of lease approved by the County. The form of lease must comply with all requirements of this Agreement and the other Grant Documents, and must, among other matters:

(a) provide for termination of the lease for failure to: (i) provide any information required under this Agreement or reasonably requested by Borrower to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this Agreement, or (ii) qualify as a Low-Income Household, Very-Low Income Household, or Medi-Cal Eligible Household (as applicable) as a result of any material misrepresentation made by such Tenant with respect to the income computation.

(b) be for an initial term of not less than one year, unless by mutual agreement between the Tenant and Borrower, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month-to-month by mutual agreement of Borrower and the Tenant. Notwithstanding the above, any rent increases are subject to the requirements of Section 2.3(a) above.

(c) include a provision which requires a Tenant who is residing in a Unit required to be accessible pursuant to Section 2.4 and who is not in need of an accessible Unit to move to a non-accessible Unit when a non-accessible Unit becomes available and another Tenant or prospective Tenant is in need of an accessible Unit.

(d) include any provisions necessary to comply with the requirements of the Violence Against Women Reauthorization Act of 2013 (Pub. L. 113-4, 127 Stat. 54) applicable to HUD-funded programs.

6.2 Lease Termination. Any termination of a lease or refusal to renew a lease for a County-Assisted Unit within the Development must be preceded by not less than 30 days written notice to the Tenant by Borrower specifying the grounds for the action.

6.3 Nondiscrimination.

(a) All Units must be available for occupancy on a continuous basis to members of the general public who are income eligible. Borrower may not give preference to any class or group of persons in renting or selling the Units, except to the extent that the Units

are required to be leased to income-eligible households pursuant to this Agreement. Borrower herein covenants by and for Borrower, assigns, and all persons claiming under or through Borrower, that there exist no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit nor will Borrower or any person claiming under or through Borrower, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any unit or in connection with the employment of persons for the construction, operation, and management of any unit.

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

6.4 Term. The provisions of this Agreement apply to the Property for the entire Term even if the Grant is paid in full prior to the end of the Term. This 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 County. County is making the Grant on the condition, and in consideration of, this provision, and would not do so otherwise.

6.5 Notice of Expiration of Term.

(a) At least six months prior to the expiration of the Term, Borrower shall provide by first-class mail, postage prepaid, a notice to all Tenants containing (i) the anticipated date of the expiration of the Term, (ii) any anticipated increase in Rent upon the expiration of the Term, (iii) a statement that a copy of such notice will be sent to the County, and (iv) a statement that a public hearing may be held by the County on the issue and that the Tenant will receive notice of the hearing at least 15 days in advance of any such hearing. Borrower shall also file a copy of the above-described notice with the Director, County Housing and Redevelopment Office.

(b) In addition to the notice required above, Borrower shall comply with California Government Code sections 65863.10 and 65863.11, which require : (i) a 12-month notice to existing tenants, prospective tenants and Affected Public Agencies (as defined in Government Code section 65863.10(a)) prior to the expiration of the Term, (ii) a six-- month notice requirement to existing tenants, prospective tenants, and Affected Public Agencies prior to the expiration of the Term; (iii) a notice of an offer to purchase the Development to "qualified entities" (as defined in Government Code section 65863.11(d)), if the Development is to be sold within five years of the end of the Term; (iv) a notice of right of first refusal within the 180-day period that qualified entities may purchase the Development.

6.6 Covenants to Run With the Land. The County and Borrower hereby declare their express intent that the covenants and restrictions set forth in this Agreement run with the land, and bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement 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 set forth in this Agreement, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the County expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.7 Enforcement by the County. If Borrower fails to perform any obligation under this Agreement (a "Default"), and fails to cure the default within 30 days after the County has notified Borrower in writing of the default or, if the default cannot be cured within 30 days, fails to commence to cure within 30 days and thereafter diligently pursue such cure and complete such cure within 60 days, the County may enforce this Agreement by any or all of the following actions, or any other remedy provided by law: within 60 days, or such longer time period acceptable to the County. In the event of a Default, the County may enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Grant Repayment. The County may declare a default under the Grant Agreement and demand repayment as provided in the Grant Agreement.

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

(c) Remedies Provided Under Grant Documents. The County may exercise any other remedy provided under the Grant Documents.

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

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

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

6.11 Waiver of Requirements. Any of the requirements of this Agreement may be expressly waived by the County in writing, but no waiver by the County of any requirement of this Agreement extends to or affects any other provision of this Agreement, and may not be deemed to do so.

6.12 Amendments. This 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 Monterey.

6.13 Notices. Formal notices, demands and communications between the County and the Borrower shall be sufficiently given if, and shall not be deemed given unless, (a) dispatched by certified mail, postage prepaid, return receipt requested, or (b) sent by express delivery or overnight courier service, or (c) sent via email to the email address or facsimile to the number set forth below, with a copy of such notice concurrently sent by either of the methods set forth in the preceding clauses (a) or (b), to the office of the Parties shown as follows, or such other address as the Parties may designate in writing from time to time:

County:	County of Monterey Housing & Community Development Department 1441 Schilling Place, 2nd Floor, South Salinas, California 93901 Attn: Housing Program Manager
Borrower:	Sun Rose Housing, LLC c/o Interim, Inc. 604 Pearl Street Monterey, CA 93940 Attn: Executive Director

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

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

6.15 Hold Harmless; Indemnity. In addition to any obligations set forth in the Grant Documents, Borrower shall indemnify, defend (with counsel reasonably selected by the County), and hold harmless the County and its officers, officials, agents, and employees against any and all liability, claims, actions, causes of action, or demands whatsoever against any of them, including: (i) any injury or death of any person or damage to property or other liability of any nature; (ii) any claims arising out of Borrower's performance or non-performance of its obligations hereunder; or (iii) otherwise related to Borrower's ownership or operation of the Property, except where the cause of such is the gross negligence or willful misconduct of the County. The indemnification obligations set forth in this Section shall survive any termination or expiration of this Agreement.

6.16 Time is of the Essence. In all matters under this Agreement, the parties agree that time is of the essence. References in this Agreement to days shall be to calendar days. If the last day of any period to give or reply to a notice, meet a deadline or undertake any other action occurs on a day that is not a day of the week on which the County of Monterey is open to the public for carrying on substantially all business functions (a "Business Day"), then the last day for giving or replying to such notice, meeting such deadline or undertaking any such other action shall be the next succeeding Business Day. In no event shall a Saturday or Sunday be considered a Business Day.

6.17 Interpretation. The use in this Agreement of the words "including", "such as" or words of similar import when used with reference to any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms, or matters, unless language of limitation, such as "and limited to" or words of similar import are used with reference thereto. The headings of this Agreement are for convenience only and do not in any way limit or amplify the terms or provisions hereof. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, and to the singular or plural, as the identity of the party or parties may require. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared it. The parties have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to Civil Code section 1654 as may be amended from time to time, or any other state law, or common law principle) shall not apply to the interpretation of this Agreement.

6.18 No Limitation on Municipal Powers. Nothing in this Agreement shall limit, waive, or otherwise impair the authority and discretion of: (a) the County's Building Department, in connection with the review and approval of any proposed construction plans for the Property (or any change to such plans), or any use, or proposed use, of the Property; or (b) any other office or department of the County acting in its capacity as a governmental regulatory authority with jurisdiction over the development, use, or operation of the Property.

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

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

[remainder of page intentionally left blank]

WHEREAS, this Agreement has been entered into by the undersigned as of the Effective Date.

COUNTY:

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

By: Erik Lundquist, Chief Planning, Housing and Community Development Department

APPROVED AS TO FORM:

Leslie J. Girard,
County Counsel

By: Robert I. Brayer DCC
Robert I. Brayer, Deputy County Counsel
5/4/2021 | 4:12 PM PDT

ATTEST:

By: _____
_____, _____

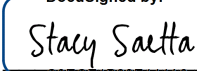
COUNTY:

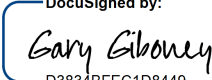
COUNTY OF MONTEREY, a political subdivision
of the State of California

By: _____
Elsa Jimenez, Director
Monterey County Health Department

APPROVED AS TO FORM:

Leslie J. Girard,
County Counsel-County Risk Manager

By: 
Stacy Saetta, Deputy County Counsel
5/4/2021 | 3:26 PM PDT


D3834BFEC1D8449...
Gary Giboney

Chief Deputy Auditor

5/4/2021 | 3:47 PM PDT

ATTEST:

By: _____
_____, _____

BORROWER:

**SUN ROSE HOUSING, LLC, a California
limited liability company**

**By: Interim, Inc., a California nonprofit public
benefit corporation, its sole member and manager**

By: 
Barbara L. Mitchell
Executive Director

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 Monterey)

On May 3, 2021 before me, Kimberly Verania Notary Public, personally appeared BARBARA L. MITCHELL who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



[Signature]
Name: Kimberly Verania
Notary Public

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

STATE OF CALIFORNIA)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)

)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

For APN/Parcel ID(s): 002-354-027

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

Commencing at the point of the bend in Soledad Street on the Eastern side thereof and in the center of the Sanjon Del Alisal; running thence, Southerly on the Eastern side of Soledad Street to the Southern line of Lot 2, in Block 5, as shown on the map hereinafter referred to; thence at right angles, Easterly 140 feet; thence at right angles, Northerly to the center of Sanjon and then in the center of said Sanjon to the to the point of beginning, being Lots 1 and 2, in Block 5, as shown on the map of "F.S. Spring's Addition to Salinas City", filed June 7, 1902 in Book 1, Maps of "Cities and Towns", at Page 28 therein, in the Office of the County Recorder of the County of Monterey, State of California.

PARCEL II:

That part of Lot 3, in Block 5, as shown on the map of "F.S. Spring's Addition to Salinas City", filed June 7, 1902 in Book 1, Maps of "Cities and Towns", at Page 28 therein, in the Office of the County Recorder of the County of Monterey, State of California, lying Northerly of the line commencing at a point on the Eastern side of Soledad Street 280 ²/₅ feet from the Northern curb line of John Street; and running Easterly on a line parallel to the Southern line of said Lot 3, to the Eastern line of said Lot 3, being all of said Lot, except that portion thereof conveyed by C.F. Lacey, et ux., to E.M. Stolp by deed dated July 8, 1919 and recorded in Volume 164 of Deeds, at Page 273, in the Office of the County Recorder of the County of Monterey, State of California.