

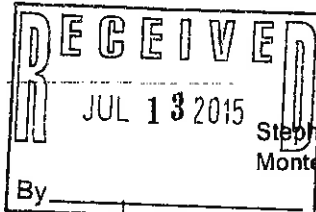
Recorded at the Request of
Old Republic Title Company-
Oakland

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Recording Requested By
And
When Recorded, Return To:

County of Monterey
Economic Development Department
Housing Office
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

Attention: Housing Programs Manager



Stephen L. Vagnini
Monterey County Recorder

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7/02/2015
11:52 AM

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APN: 030-103-004 & 005
11299 Geil Street, Castroville, CA 95012

SPACE ABOVE THIS LINE FOR RECORDER'S USE

REGULATORY AGREEMENT

and

DECLARATION OF RESTRICTIVE COVENANTS

By and Between

THE COUNTY OF MONTEREY

(IN ITS CAPACITY AS HOUSING SUCCESSOR AGENCY)

("County"),

And

MP GEIL STREET LLC,
a California limited liability company

Recorded at the Request of
Old Republic Title Company-
Oakland

11/20/2020

Recording Requested By
And
When Recorded, Return To:

County of Monterey
Economic Development Department
Housing Office
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

Attention: Housing Programs Manager

**THIS DOCUMENT HAS BEEN
ELECTRONICALLY RECORDED. SEE
THE ATTACHED COVER PAGE FOR
RECORDING INFORMATION**

APN: 030-103-004 & 005

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THE COUNTY OF MONTEREY, IN ITS CAPACITY AS HOUSING SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY UNDER HEALTH AND SAFETY CODE SECTION 34176 ("County") and MP GEIL STREET LLC, a California limited liability company ("Owner") hereby agree as of this June 12, 2015 as follows:

Recitals

- A. Owner is the owner of that certain real property located at 11299 Geil Street, Castroville, CA 95012, Monterey County, California and commonly known as the Geil Street Apartments, which currently is developed with eleven (11) units of housing, and more particularly described in Exhibit A attached hereto (the "Property").
- B. County is assisting Owner with rehabilitation of the Property utilizing program income on deposit in the County's Low and Moderate Income Housing Asset Fund established pursuant to Health and Safety Code Section 34176(d). Of the 11 units located on the Property, the County intends to regulate occupancy of ten (10) units as defined in Section 1.1, below.
- C. County also plans to fund certain improvements to be made to the units and common area of the project with CDBG funding.
- D. Owner has agreed to operate, use and maintain the Property in accordance with this Regulatory Agreement ("Regulatory Agreement").

Now, therefore, in consideration of their mutual promises set forth herein, the County and Owner hereby agree as follows:

ARTICLE 1. SUBJECT OF AGREEMENT

1.1 Definitions

All capitalized terms used in this Regulatory Agreement and not expressly defined herein have the respective meanings set forth in the following list of defined terms:

"Affiliate" means any entity which is under the Control of or who Controls Owner or a wholly owned subsidiary of Owner.

"Annual Fees" shall mean the County Annual Loan Monitoring Fee of \$2,000 as defined in Section 3.01(a) of the Loan Agreement.

"Annual Income" shall mean the total annual income of all persons in a household as calculated in accordance with 24 CFR 92.203.

“Business Day” shall mean a day which is not a Saturday or Sunday or a day on which banking institutions located in New York or California are authorized or required to remain closed.

“CDBG Agreement” shall mean that CDBG Agreement between County and Owner dated as of July 1 /2016 2014

“Completion” means the point in time when the Project is deemed complete as evidenced by the sign off on the building Permit.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation, joint venture or partnership.

“County” means the County of Monterey, California, a public body, corporate and politic. Unless specifically provided otherwise in this Regulatory Agreement, any requirement in this Regulatory Agreement in regard to a matter that is to be approved by the “County” shall be satisfied by the written approval by the Economic Development Director of the County.

“County Loan” shall mean a maximum of Four Hundred Thousand (\$400,000) in loan amounts disbursed for payment of Project Costs in accordance with the Loan Agreement.

“County Loan Documents” shall mean this Regulatory Agreement, and the Loan Agreement, Deed of Trust, Notice of Affordability, and Promissory Note between County and Owner, and other security instruments or other agreements and documents to be executed by Owner and/or County in connection with the County Loan.

“Covenants” means this Regulatory Agreement and Declaration of Restrictive Covenants.

“Default” shall have the meaning set forth in Section 11.1 hereof.

“Extremely Low Income Household” shall mean a household with an Annual Income that does not exceed thirty percent (30%) of Area Median Income, adjusted for Actual Household Size.

“Financing Documents” shall mean those documents necessary to finance the Project pursuant to the Loan Agreement, and identified in Exhibit “C” to this Regulatory Agreement which describes the approved Project Costs and Approved Financing Sources.

“Force Majeure” or “Force Majeure Event” shall mean the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; or court order; or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the Project) beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to

the other parties written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event. No Force Majeure Event excuses or extends timely performance of financial obligations.

“Force Majeure Delay” shall mean any delay in commencing or completing performance of any obligation under this Regulatory Agreement and Declaration of Restrictive Covenants, proximately caused by the occurrence of any Force Majeure Event; provided that no credit or extension of time shall be granted for the period of delay between the time a party claiming a Force Majeure Delay is required to give notice of a Force Majeure Event and the time the party actually gives such notice.

“Governmental Authority” means the United States, the State of California, the County of Monterey or any other political subdivision in which the Property is located, and any court or political subdivision, County or instrumentality having jurisdiction over the Property.

“Gross Income” means: (a) all rents and revenue, income, receipts, and other consideration or payments received by Owner from tenants and occupants for the use and occupancy of the Property (including revenue from laundry facilities) but shall not include any security deposits (unless and until such deposits have been forfeited by tenants and are payable to Owner), loan proceeds, capital contributions or similar advances or insurance or condemnation proceeds (except as paid to Owner for loss of rents) or any interest gained thereon;

“Housing Manager” shall mean MidPen Property Management Corporation, (MPPMC) or such other management company, approved by the County pursuant to Section 6.4 of this Regulatory Agreement, under contract with Owner who is responsible for the management and operations of the Property.

“Insurance Policies” shall have the meaning set forth in Section 2.3 of this Regulatory Agreement.

“Low Income Household” shall mean a household with an Annual Income that does not exceed eighty percent (80%) of Area Median Income, adjusted for Actual Household Size.

“Net Income” means Gross Income minus Operating Expenses (including but not limited to Deferred Development Fees and permitted annual fees). In this project, net income is the same as “Residual Receipt” income.

“Operating Expenses” means all generally accepted operating costs for an affordable housing project as well as replacement reserves, any other reserves required by Owner’s lender, property management fees, annual fees, and required debt service. Operating Expenses shall not include long term capital improvements, repairs or replacements paid out of replacement reserves or insurance proceeds received by Owner or any affiliate connected to Owner and related to the Property, or depreciation of buildings or other similar non-cash items of expense or deduction from income.

“Owner” shall mean MP Geil Street LLC, a California limited liability company.

“Permitted Owner Transfer” means any disposition of Owner’s interest in this Regulatory Agreement and/or the Property to (a) another partnership in which Owner or an affiliate thereof is a general partner and directly or indirectly maintains managerial control, or (b) an affiliate of Owner or another nonprofit public benefit corporation under common control with Owner in accordance with this Regulatory Agreement, and with respect to which the County reasonably determines that the resulting entity has the experience and ability to perform Owner’s obligations hereunder; or any other transfer permitted pursuant to Section 4.15(b) of the Loan Agreement.

“Project” shall mean the items listed in Recital D of the Regulatory Agreement.

“Project Costs” shall have the meaning ascribed to such term in Exhibit C of the Regulatory Agreement.

“Property” means that property in the County of Monterey and described in the “Legal Description” attached to the Regulatory Agreement as Exhibit “A” and incorporated herein by reference.

“Regulatory Agreement” shall mean this Regulatory Agreement and Declaration of Restrictive Covenants between County dated as of the Effective Date below.

“Replacement Reserve” shall mean a reserve for capital improvements, as provided in Section 2.5 of this Regulatory Agreement.

“Subsequent Work of Improvement” shall mean any alteration of, addition to, demolition or change in the Project or Property which occurs following completion of the project.

“Very Low Income Household” shall mean a household with an Annual Income that does not exceed fifty percent (50%) of Area Median Income, adjusted for Actual Household Size.

“Year” shall mean the first calendar year period after the first disbursement of the County Loan, and each subsequent calendar year period thereafter.

1.2 Purpose of Regulatory Agreement

(a) The purpose of this Regulatory Agreement is to set forth the agreement of the parties concerning the operation, use and maintenance of the Property and the Project during the term hereof.

(b) The Property is located in the County of Monterey and will be owned by Owner.

(c) In the event that any general provision of this Section 1.2 conflicts with any specific provision of this Regulatory Agreement and Declaration of Restrictive Covenants, the specific provision shall be deemed to prevail.

1.3 Parties to the Agreement

(a) The County is a public body, corporate and politic, exercising governmental functions and powers

(b) "County" as used in this Regulatory Agreement includes any successor to its rights, powers and responsibilities.

(c) Owner is MP Geil Street LLC, a California limited liability company.

(d) "Owner" as used in this Regulatory Agreement includes Owner, as of the date hereof, and any assignee or successor to its rights, powers and responsibilities as the result of a permitted Owner Transfer or otherwise approved by the County pursuant hereto.

1.4 Prohibition Against Change in Ownership, Management and Control of Owner

(a) The qualifications and identity of Owner are of particular concern to County. It is because of those qualifications and that identity that County has entered into this Regulatory Agreement with Owner. Except for a Permitted Owner Transfer, no voluntary or involuntary successor in interest of Owner shall acquire any rights or powers under this Regulatory Agreement except as expressly set forth herein. During the term of this Agreement, Owner shall comply with Section 4.15 of the Loan Agreement.

1.5 No Encumbrances Except Approved Financing Documents

(a) The County Loan Documents, together with all other loans as identified in Exhibit C, are the only liens and encumbrances permitted to be recorded against the Property and the Project without the prior consent of the County. Nothing in this Section 1.5 shall prohibit the recordation of a memorandum of lease or security instruments in connection with laundry leases, subject to the reasonable approval of the County.

(b) Owner shall promptly notify the County of any known security instrument or security interest relating thereto that may be created or attached to the Property or the Project whether by voluntary act of Owner or otherwise.

1.6 Term of Regulatory Agreement

(a) The term of this Regulatory Agreement shall commence upon the completion of the Project as evidenced by the issuance of a certificate of completion of the Building Permit for the Project.

(b) This Regulatory Agreement shall terminate upon the expiration of fifty-five (55) years from the beginning term of this Regulatory Agreement as set forth in Section 1.6 (a), above; but in no event shall extend past June 12, 2070. If, at any time due to redevelopment of the Property, the requirement to provide 10-units of housing affordable to extremely low, very-low, and low income households is not met, the term of this Regulatory Agreement shall be extended for said period of time.

ARTICLE 2. MAINTENANCE OF THE PROPERTY

2.1 Prohibition of Waste and Obligation to Maintain the Property

Throughout the term of this Regulatory Agreement, Owner shall not commit or suffer to be committed any material waste or impairment of the Property or the Project, or any part thereof, and shall maintain the Property in a first-class manner that is comparable to similar residential developments in the County of Monterey, to the reasonable satisfaction of the County.

2.2 Indemnification

(a) Subject to the limitations set forth in Section 11.7, below, as a material part of the consideration to County, Owner agrees and shall indemnify, defend and hold harmless the County and its supervisors, officers, agents and employees, from and against any and all claims, liabilities and losses whatsoever (including, but not limited to, damages to property and injuries to or death of persons, court costs and attorneys fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the Project, and from any and all claims, liabilities and losses occurring or resulting to any person, firm or corporation for damage, injury or death arising out of or connected with Owner's performance of this Regulatory Agreement, including but not limited to any such claims, liabilities or losses which arise out of the performance of this Regulatory Agreement for the operation of the Property. This indemnification and hold harmless obligation shall not extend to any claim arising solely from the gross negligence or willful misconduct of the County, its supervisors, officers, agents, and employees. Owner's performance includes Owner's action or inaction and the action or inaction of Owner's partners, employees, agents, contractors and/or subcontractors.

The provisions of this Section 2.2 shall survive the termination of this Regulatory Agreement.

2.3 Obligation to Maintain Insurance

Owner shall, and shall cause any contractor making substantial improvements pursuant to Section 3.1 to, procure or shall have procured and continuously maintain such insurance policies as are required under this Section 2.3 (individually an "Insurance Policy" and collectively the "Insurance Policies").

2.3.1 Insurance Policies

Owner shall procure or cause to be procured and maintain or cause to be maintained in full force and effect the following Insurance Policies:

(a) Commercial General Liability Insurance. Comprehensive or commercial general liability insurance, with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations, and including supplementary coverage of Blanket Contractual.

(b) Worker's Compensation Insurance. Worker's compensation insurance in accordance with California Labor Code Section 37000, with a minimum of \$1,000,000 per occurrence for Employer's Liability, covering all persons employed by Owner in connection with this Regulatory Agreement and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Owner or the County; and

(c) Automobile Liability insurance. with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned as applicable, non-owned and hired vehicles, as applicable; and

(d) Property and Fire Insurance. covering the entire Site, in an amount sufficient to replace the Housing Units.

2.3.2 Requirements Regarding Insurance

Each Insurance Policy required under Section 2.3.1 (or the particular Insurance Policies specified below) shall:

(a) Be in form and substance as is then standard in California for policies of like coverage;

(b) Be issued by insurance carriers acceptable to the County and authorized to transact insurance business in the State of California;

(c) Provide coverage on an occurrence basis;

(d) Provide that the Insurance Policy cannot be canceled, suspended, lapsed or modified upon less than 30 days' prior written notice by registered or certified mail to Owner and County; provided, however, that if Owner demonstrates to the satisfaction of the County that it is not commercially feasible to obtain an insurance policy having such a provision, it shall be sufficient if the Insurance Policy provides that the insurance carrier will use reasonable efforts to provide such notice to the County before the Insurance Policy is canceled, suspended, lapsed or modified;

(e) With respect to the Insurance Policies described in Sections 2.3.1(a), (b), (c), and (d), (i) name County and its board members, supervisors, commissioners, directors, officers and employees as additional insured as their interests appear, (ii) provide that the coverage thereof is primary and non-contributory coverage with respect to all additional insured, and (iii) provide that the insurance of the Additional Insured shall not be called upon to contribute to a loss covered by Owner's insurance;

(f) All policies of insurance provided for in this Article shall be maintained continuously so long as any County Note is outstanding. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above. Insurance proceeds shall be used to repair such damage or destruction in the manner set forth in this Agreement.

2.3.3 Delivery of Insurance Policies

After delivery of copies of each initial Insurance Policy pursuant to Section 3.7 of the Loan Agreement, not less than 30 days prior to the expiration date of each Insurance Policy required under Section 2.3.1, Owner shall deliver to the County: (a) a complete copy of each such Insurance Policy or renewal or replacement Insurance Policy [provided, however, that if the insurance carrier agrees in writing to provide such copy to the County upon request, delivery of a certificate of insurance shall be sufficient for purposes of this clause (a); (b) satisfactory evidence of payment of the premium therefor; and (c) a certificate of the insurance broker or agent in form reasonably satisfactory to County stating the identity of all carriers, identity of named and additional insured, type of coverage, description of all endorsements, policy limits, deductibles, subrogation waiver, other essential policy terms (e.g. full replacement coverage, tail periods, etc.) and a statement of non-cancellation consistent with Section 2.3.2(d). If Owner has not provided County with the foregoing proof of coverage and payment within ten (10) business days after receipt of written request therefore, the County may, in addition to any other available remedy, without obligation and without further inquiry as to whether such insurance is actually in force, obtain such an Insurance Policy and Owner shall reimburse the County for the cost thereof upon demand.

2.3.4 Co-Insurer Liability

If, on account of Owner's failure to comply with the provisions of this Section 2.3, County is adjudged to be a co-insurer by an insurance carrier, then any loss or damage it shall sustain by reason thereof shall be borne by Owner which shall immediately pay the same upon receipt of written demand therefor and evidence of such loss or damage.

2.3.5 Compliance with Insurer's Requirements

Owner shall observe and comply with the requirements of all Insurance Policies. Owner also shall perform and satisfy the reasonable requirements of insurance companies writing such types of Insurance Policies so that at all times companies of good standing and meeting the requirements of Section 2.3.2(b) shall be willing to write or to continue such coverage. Owner shall at all times comply with all rules, regulations, orders and requirements of any recognized organization which establishes fire ratings for structures such as the improvements at the Property.

2.3.6 Blanket Insurance

Any insurance coverage required in this Section 2.3 may be effected by a policy or policies of blanket insurance; provided that (a) the Project and Property (or, in the case of errors and omissions coverage, the contract) is specifically identified therein, by endorsement or otherwise, as included in the coverage provided; (b) the amount of the total insurance allocated to the Project (or contract) shall be such as to furnish protection equivalent to that which would be afforded by separate Insurance Policies in the amounts herein required; and (c) in all other respects any such blanket policy or policies shall comply with all other provisions of this Section 2.3. In any such case, Owner shall deliver to County a certified copy of such policy.

2.3.7 No Limit on Liability

County makes no representation that the limits of liability specified for the Insurance Policies to be carried pursuant to this Section 2.3 are adequate to protect Owner against its undertakings under this Regulatory Agreement and Declaration of Restrictive Covenants, or to protect any general contractor, architects, engineers or other consultants against their respective undertakings. In no event shall the limits of any coverage maintained or caused to be maintained by Owner limit Owner's liability under this Regulatory Agreement or limit the liability of any general contractor, architect, engineer or other consultants under their respective contracts, warranties, guarantees and indemnities. County shall not be limited to the amount of the insurance premium not paid in the proof of any damages any of them may claim against Owner or any other person arising out of or by reason of failure of Owner, any general contractor, architects, engineers or other consultants to provide and keep in force the Insurance Policies required by this Section 2.3; but County shall instead be entitled to recover the full amount of damages available.

2.4 Maintenance and Repairs

Owner agrees to operate and maintain the Property and Project during the term hereof without expense to County and to perform all repairs and replacements necessary to maintain and preserve the Property and Project in a decent, safe, operable and sanitary condition and in compliance with all Governmental Requirements. Owner agrees to keep the Property and the Project clean and clear of refuse, graffiti and obstructions, and to dispose of all garbage, trash and rubbish in a neat and orderly manner and in compliance with all Governmental Requirements. Owner agrees that County shall not be required to perform any maintenance, repairs, or services or to assume any expense in connection with the Property or Project.

2.5 Replacement Reserve

Not later than six (6) months after Completion, Owner shall establish, fund and thereafter maintain, in a depository approved by the County, a reserve fund (the "Replacement Reserve") to be used exclusively for capital repairs and replacements in accordance with this Section 2.5.

(a) The Replacement Reserve shall remain in the form of cash or shall be invested exclusively in investments that are reasonably approved by County. Interest earned on the Replacement Reserve shall be added to the Replacement Reserve.

(b) Owner shall have sole signature authority to expend funds from the Replacement Reserve account, subject to the requirements of Owner's other lenders; provided, however, that any disbursement shall be for the sole purpose of replacing structural elements or capital equipment of the Property, or for any other Property capital expenditure consistent with maintaining the physical integrity of the Property. For purposes of this Regulatory Agreement, "capital" expenditures or equipment are those having an expected useful life of five years or more.

(c) Owner shall deposit into the Replacement Reserve an amount equal to a minimum of \$600 per unit, or some lesser amount determined by a senior lender and agreed to by County, for the first year of operation and shall make the same level of deposit each year for

fifty-five (55) years. Should cash flow be insufficient to refund the reserve, Owner shall notify County. County may, at its option, approve the shortfall. Owner shall fund the shortfall at its next opportunity when cash flow from the Property is sufficient to do so.

(d) Owner shall include in its annual budget report any expenditure from the Replacement Reserve account that has been made since the last report, the current balance in the Replacement Reserve, and the expenditures from the Replacement Reserve anticipated to be made in the next year. In addition, Owner shall prepare and provide to the County a written report on any unanticipated expenditure of funds from the Replacement Reserve, as soon as possible but in any case not later than the end of the quarter in which such expenditure is made.

2.6 Standard of Maintenance

Any completed work of maintenance or repair shall be at least equal in value, quality and utility to the condition of the improvements before the event giving rise to the work. If maintenance or repairs can be effected more efficiently or at less cost than the work corrected or replaced, but without sacrificing quality or utility, Owner shall not be required to effect work of maintenance or repair of equal value to the improvements corrected or replaced.

ARTICLE 3. ALTERATION OF PROPERTY AND ADDITIONS

3.1 County Approval Required

Owner shall not make or permit to be made any substantial and material Subsequent Work of Improvement, without the prior written consent of the County beyond the initial scope of work as described in Exhibit D. In granting its approval, County shall have the right to impose reasonable conditions respecting the proposed work to be performed, comparable to the requirements and conditions set forth in the Regulatory Agreement respecting the Work of Improvement. In requesting such consent, Owner shall submit to County detailed plans and specifications of the proposed work and an explanation of the need and reasons therefor. As used herein, "substantial" shall mean at a cost in excess of \$200,000 and shall exclude: (a) installation or replacement of fixtures, furnishings, equipment, and tenant improvements; (b) painting, cleaning and similar work; and (c) work required by law or pursuant to an emergency. Costs shall be aggregated and treated as part of a whole alteration, change or work of improvement for purposes of the preceding sentence if they arise out of, relate to or address a common event, circumstance or undertaking. In the event of any uncertainty concerning aggregation or concerning an exclusion from the approval requirement, this provision shall be liberally construed in favor of aggregation and the requirement for approval.

3.2 Labor Standards

Owner shall comply, and require all contractors and subcontractors employed pursuant to this Article 3 to comply with all applicable labor standards provisions of the California Labor Code and Federal law.

3.3 Notice of Nonresponsibility

Within 10 days prior to commencement of any Subsequent Work of Improvement costing in excess of \$25,000, Owner shall give the County advance notice in writing of intention to begin said activity in order that non-responsibility notices may be posted and recorded as provided by State and local laws.

3.4 Contractor's Bonds

If Owner hires a general contractor that is not an affiliate of Owner, then Owner agrees to procure, or cause the procurement of, contractor's payment and performance bonds covering labor, materials and faithful performance for this Project as well as any Subsequent Work of Improvement exceeding a cost of Two Hundred Thousand Dollars (\$200,000). Each such bond shall be in the amount equal to one hundred percent (100%) of the estimated cost of construction as reasonably approved by the County. Said bonds and the construction contract must first be approved in writing as to content and form by the County. Owner shall, prior to commencement of construction, deliver to the County a certificate from a bonding company issuing the aforesaid bonds naming the County as an additional insured under said bonds.

3.5 No Limitation on Obligation to Maintain

This Article 3 shall not limit or set aside any obligation of Owner under this Regulatory Agreement to maintain the Property in a decent, safe and sanitary condition, including structural repair and restoration of damaged or worn improvements. The County shall not be obligated by this Regulatory Agreement to make any improvements to the Property or to assume any expense therefor.

ARTICLE 4. FINANCIAL PROVISIONS

4.1 Collection of Gross Income

Owner shall collect and obtain all Gross Income, and shall have the right and obligation to pay all Operating Expenses. Owner shall apply Gross Income as required under the Loan Agreement. The Operating Expenses for the first year of operation shall be as shown in the operating budget to be approved by the County prior to its signing of this Regulatory Agreement. Subsequent annual operating budgets will be deemed approved if the annual increase in Operating Expenses does not exceed 3.5%. If the annual increase does exceed 3.5%, Owner shall submit the annual budget to the County's Economic Development Department for review and approval.

After paying all Operating Expenses, Annual Fees, and Reserves, the remaining Net Income, also defined as Residual Receipts, shall be used to repay any outstanding loans, pursuant to the terms thereof and Section 3.1 of the Loan Agreement. For purposes of calculating the Net Income, Net Income shall mean Gross Income minus the sum of Operating Expenses, Annual Fees, and debt service based on the annual audit in accordance with the approved Operating Budget. Subsequent calculations of residual receipts shall be in conformance with Section .1 with regard to increase in Operating Expenses.

ARTICLE 5. USE OF THE PROPERTY

5.1 Permitted Uses

Owner agrees to use the Property and the Project for the Residential uses specified in this Agreement.

5.2 Residential Uses

5.2.1 Owner shall use the Property for the residential uses described in this Regulatory Agreement. The requirements of this Section 5.2 shall continue in effect for fifty-five (55) years from the term of this Regulatory Agreement and Declaration of Restrictive Covenants as set forth in Section 1.6 (a), but in no event shall extend past June 12, 2070.

5.2.2 Owner agrees that occupancy of seven (7) of the dwelling units in the Property shall be restricted to extremely low, very low, and low income households as follows:

2 units – Extremely Low Income

4 units – Very Low Income

1 unit – Low Income

The primary use of the Property shall be permanent, affordable rental housing.

5.2.3 If, at any time due to redevelopment of the Property, the requirement to provide seven (7) units of housing affordable to extremely low, very-low and low income households is not met, the term of this Regulatory Agreement shall be extended for said period of time for each particular unit.

5.2.4 Household income limits for extremely low, very low, and low income households shall be based on area median incomes published annually by the United States Department of Housing and Urban Development (HUD) for the County of Monterey. Eligibility to occupy a unit in the Property shall be based on the income definitions of extremely low, very low, and low income households as described in Section 1.1 of this Agreement.

5.2.5 Owner shall not charge rents for the units in excess of the respective amounts set forth in Section 5.2.4., as such rents may be adjusted from time-to-time on the basis of the revised schedules of Area Median Incomes published approximately annually by the United States Department of Housing and Urban Development (“HUD”). County shall notify Owner in writing of changes, if any, to the applicable maximum incomes and rents prior to the initial rent-up of the units, and subsequently, as such revised schedules are announced by HUD.

5.2.6 The maximum monthly rent, including utility allowance, shall not exceed the following:

Extremely Low Income Units: One-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Area Median Income, adjusted for bedroom size

Very Low Income Units: One-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Area Median Income, adjusted for bedroom size

Low Income Units: One-twelfth (1/12) of thirty percent (30%) of eighty percent (80%) of Area Median Income, adjusted for bedroom size

The foregoing maximum incomes and rents shall be subject to annual adjustment as provided in Section 5.2.4. If the Property is subject to the tax credit regulatory agreement at any time in the future, the adjustment shall be based on imputed household size of 1.5 persons per bedroom.

If, upon recertification of the income, the Owner determines that a former Low Income Household has an Adjusted Income exceeding the maximum qualifying income for a Low Income Household, such Tenant shall be permitted to continue occupying the Unit and, upon expiration of the Tenant's lease and upon sixty (60) days written notice, the Rent shall be increased to the lesser of one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted Income of the Tenant, or fair market rent. Owner shall not be required to evict an otherwise qualified household due to an increase in household income above the limit set forth herein for a Low Income Household. When the Tenant vacates the Unit, the Borrower shall rent the Unit to an income eligible household to comply with the requirements of Section 5.2.2 above.

Owner shall submit to County an annual report required by Health and Safety Code Section 33418. The report shall include, at a minimum, the rental rate, and the income and family size of the occupants of each unit. The income information shall be supplied by the tenant in a certified statement on a form approved by County. Owner shall submit the report on or before the end of the first calendar quarter of each year. Owner shall provide for the submission of such information in its leases with tenants of units.

5.2.7 Owner, and any such successors and assigns, shall operate the Residential Units in accordance with the Management Plan described in Section 6.2.

5.3 Obligation to Refrain from Discrimination

Owner covenants and agrees for itself, and agrees to cause its successors, assigns and every successor in interest to the Property or any part thereof to covenant and agree, that there shall be 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 or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Owner, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property.

5.4 Form of Nondiscrimination and Nonsegregation Clauses

The Developer shall refrain from restricting the sale, rental or lease of any housing units on the Property to any person on the basis of race, color, religious creed, national origin, ancestry, disability (including HIV and AIDS - acquired or perceived), medical condition

(including cancer), age, marital status, sex, sexual orientation or preference, or retaliation for having filed a discrimination complaint. All such deeds (if any), leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds:

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

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In leases:

“(1) Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee or any person claiming under or through the lessee, 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 in the premises herein leased.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the

Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In contracts:

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

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

5.5 Local, State, and Federal Laws

Owner shall use and operate the Property in compliance with all Governmental Requirements, including but not limited to all applicable County and State health, safety and building codes, planning, general plan and zoning requirements.

5.6 Rights of Access; Inspections and Meetings

County and its respective agents and representatives shall have the right, without charges or fees, but not the obligation, to enter the Property at all reasonable times with reasonable notice, including but not limited to normal business hours, for the purpose of inspecting and reinspecting the Property or for the purpose of monitoring compliance with this Regulatory Agreement or the Security Documents. Owner shall permit entry and full access for such inspections as well as inspections by a Governmental Authority or its agents or representatives. The representatives of the County shall be identified in writing by the County and such representatives shall report to the management agent prior to any such inspections. Except to the extent of Insurance maintained or required to be maintained under this Agreement, County hereby indemnifies, defends and holds Owner harmless for any injury or damages arising out of any activity of any County representative performed and conducted on the Property, to the extent such injury or damage is caused by the negligence or misconduct of such, pursuant to this Section 5.6.

ARTICLE 6. MANAGEMENT

6.1 Obligation to Manage Property

Owner shall manage or cause the Property and the Project to be managed in a prudent and business-like manner, subject to the terms and conditions of this Agreement.

6.2 Management Plan

(a) Prior to the Completion, Owner shall prepare and submit to the County for approval a Management Plan for the Property. Approval of the Management Plan shall be a condition of final funding.

(b) Owner shall submit the Management Plan and all necessary supporting information in such time to permit the County to approve, disapprove or conditionally approve the plan prior to the scheduled Completion Date. At the same time as Owner shall submit the Management Plan, Owner shall submit a schedule of proposed initial rents for all of the dwelling units. After approving the Management Plan, the County may not thereafter require changes to the Management Plan, unless the plan as implemented fails to satisfy the requirements of this Article 6. The Management Plan, including such amendments as may be approved by the County, shall remain in effect for the term of this Agreement.

(c) The Management Plan shall include, without limitation, the following elements:

(1) Management Agent: Owner shall submit the name and qualifications of any proposed management agent (the "Housing Manager"), if other than MidPen Property Management Corporation, who may be an Affiliate of Owner, or a person or management company not otherwise affiliated with Owner. The County shall base its respective approval or disapproval of the proposed Housing Manager solely on the experience, qualifications and financial responsibility of the proposed Housing Manager, as provided in Section 6.4.

(2) Management Program: Owner shall describe its proposed management, maintenance, tenant selection, programming and occupancy policies and procedures. Such policies and procedures shall be consistent with this Agreement. The Management Program shall contain an affirmative marketing plan. Owner shall be responsible for implementing the approved plan.

(3) Management Agreement: Owner shall submit a copy of the proposed form of management agreement, specifying the relationship and division of responsibilities between Owner and the Housing Manager, including the management fee.

(4) Lease Agreement: Owner shall submit a copy of any proposed form of lease or rental agreement to be used in the Property.

6.3 Right of County to Require a Change in Property Management

(a) Subject to paragraph (c) of this Section 6.3 and the rights of any senior lender and limited partner, Owner shall without delay change the Housing Manager (including, stepping down as Housing Manager if Owner or any Affiliate of Owner is the Housing Manager), in the event that County provides written notice to Owner, demanding that the Housing Manager be changed and stating that the County has reasonably determined that:

(1) The Housing Manager has failed to maintain or manage the Property as required by the approved Management Plan or this Agreement.

Any such notice shall specify in reasonable detail the facts on which the County has based its determination.

(b) In the event Owner receives a notice pursuant to paragraph (a) of this Section 6.3, Owner shall have 15 days following receipt of such notice to submit to the County a written explanation and plan in reasonable detail, to cure or correct the matter complained of (or to reasonably dispute the determination of the County). The County shall promptly approve, disapprove or conditionally approve such plan, and provide Owner with a second notice in writing, setting forth such approval, disapproval or conditional approval. In the event the County disapproves Owner's plan, or Owner disputes the determination of the County or the conditions of a conditional approval, Owner and County shall meet and confer as soon as possible, but in any event within 15 days after such second notice, to attempt to resolve the matter. In the event that any matter is not resolved to the good-faith satisfaction of the County by the end of the 2nd 15 day period, or such extension of such period as the County may grant, or in the event a plan to cure is approved but the cure is not fully effected within the period of time provided in the plan (or, if no time is provided, within 90 days), then Owner shall change its Housing Manager or management practices as directed by the County.

(c) In the event the County is entitled to direct Owner to replace a Housing Manager pursuant to this Section 6.3, the identity and experience of the replacement Housing Manager as well as the terms and conditions of the management agreement with the replacement Housing Manager, shall be subject to the prior written approval of the County. Owner shall be solely responsible for finding and recommending a qualified replacement Housing Manager.

(d) Any contract entered into by Owner for the management of the Property shall contain a provision that such management contract shall be subject to termination by Owner without penalty upon not more than 30 days prior written notice. Subject to the process described in this Section, Owner shall immediately give notice of termination of the contract with the Housing Manager to be replaced and retain the replacement Housing Manager within thirty (30) days (subject to the terms of the Management Plan) after being directed to do so by the County, and shall make arrangements satisfactory to County for continuing proper management.

6.4 Management Agent

Owner shall select and hire, or contract with, a management company or individual Housing Manager (or substitute Housing Manager, in accordance with Section 6.3), for the

operation of the Property such that the Property is operated in a prudent and business-like manner, maintained in a decent, safe, and sanitary condition in accordance with the requirements of this Agreement, and the needs of the tenants are met. Any Housing Manager proposed by Owner shall have demonstrated experience and qualifications in housing management and shall have the financial responsibility necessary to fulfill its corporate obligations and liabilities. The selection and hiring of the Housing Manager and all subsequent Housing Managers shall be subject to the reasonable prior written approval of County, which shall be obtained prior to the awarding of any contract or entering into of any agreement with a management agent, and County may revoke its approval upon determination by such party that the standards set forth herein have not been satisfied. County hereby approves MidPen Property Management Corporation as the initial Housing Manager.

6.5 Property Management Fees

Property management fees and benefits payable to any property manager shall not exceed the industry standard competitively charged for comparable buildings and structures in the same general location as the Property. If a property management agreement generally describes the basis for a property management fee rather than stating a specific figure, each setting of the specific property management fee shall be subject to the prior written approval of the County, not to be unreasonably withheld. All property management fees payable to Owner or an Affiliate shall be reduced pro tanto by the amount of property management fees or comparable compensation paid to any unaffiliated property manager performing management services. The initial Property budget may provide for property management fees equal to the industry standard not to exceed six (6%) of Gross Income without County approval. Notwithstanding anything to the contrary, the property management fee shall at all times be equal to, but not exceed, the amount allowed under the San Francisco Field Office published HUD management fee schedule (including an estimated \$59 per unit management fee and a \$9.50 per unit bookkeeping fee), as such fees schedule may be amended from time to time.

ARTICLE 7. BUDGET PROCESS

7.1 Operating Budgets Required

Subject to Section 4.1 above, Owner shall prepare, maintain and operate the Property in accordance with an annual Operating Budget which shall be subject to the approval of the County, as provided in this Article 7.

7.2 Preparation and Approval of Operating Budgets

(a) Subject to Section 4.1 above, annually, Owner shall prepare and submit to the County for approval, an Operating Budget for the Property. The Operating Budget shall show all budgeted Gross Income and Operating Expenses, itemized in line items by source and type for the year. The Operating budget for the current year is attached hereto as Exhibit B.

(b) An Operating Budget shall be submitted for approval not later than October 31 immediately preceding the Year in question, so that, for example, the Operating Budget for calendar year 2016 shall be submitted for approval not later than October 31, 2015.

(c) Any time during a Year, Owner may submit to the County one or more proposed amendments to an approved Operating Budget.

(d) County shall promptly review and approve, disapprove or approve with conditions, in writing, any Operating Budget that is submitted by Owner. During its review, the County may request such reasonable additional information from Owner as may be required in its analysis of the proposed Operating Budget.

(e) County shall not unreasonably withhold or condition its approval of an Operating Budget. Approval or disapproval shall be given within 60 business days after receipt of the proposed Operating Budget and any additional information reasonably requested by the County.

(f) Any Operating Budget that is not approved within 60 business days, as provided in paragraph (e), shall be deemed approved, if the request for such approval is in writing, delivered to the party whose approval is requested, and includes the following notice, in bold print and capitalized letters:

NOTICE: FAILURE TO DISAPPROVE THIS PROPOSED OPERATING BUDGET [AMENDMENT] WITHIN 60 BUSINESS DAYS AFTER RECEIPT SHALL BE DEEMED APPROVAL PURSUANT TO SECTION 7.2 OF THE REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS DATED _____, 2015, BETWEEN OWNER AND THE COUNTY OF MONTEREY.

(g) No amendment to any Operating Budget shall be effective unless and until approved by County in writing or deemed approved pursuant to subsection (f), above. Approval of an Operating Budget or amendment thereto shall supersede any previously approved Operating Budget. Until a subsequent Operating Budget is approved, the most recently approved Operating Budget shall remain in effect, subject to such amendments as may have been approved.

ARTICLE 8. REPORTS

8.1 Annual Financial Statements

By April 30 of each year, Owner shall submit to the County an annual audited financial statement for the Property for the prior calendar year, prepared by an independent certified accountant selected by Owner, which shall include (i) statements of profit and loss, assets and liabilities of Owner and income and expense and cash flow from operations; and (ii) an annual narrative report of all significant activities and significant advantageous and adverse conditions and events affecting Owner and the Property, prepared by the chief financial officer(s) of Owner, including but not limited to activities, conditions or events concerning or affecting design, permitting, construction, financing, marketing, leasing, insurance, management, operations, damage, destruction, condemnation, revenues or expenditures.

8.2 Other Reporting Requirements

Unless County otherwise expressly consents in writing:

(a) Reporting. Owner shall maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP or as otherwise disclosed therein;

(b) Tax Returns. Owner shall furnish or cause to be furnished to County, as soon as available and in any event not later than ten (10) business days after the time of filing with the Internal Revenue Service, the sections of the federal tax returns (and supporting schedules, if any) of Owner applicable to the Property, if any, if requested by County;

(c) Certificate of Performance. Concurrently with each of the annual financial statements provided for in Section 8.2, a certificate of an authorized representative of Owner, stating, to the best knowledge of such representative, that Owner has substantially performed and observed each of its covenants contained in this Regulatory Agreement and that no material default or event which, with the giving of notice or passage of time or both, would become a default has occurred or, if any such event has occurred, specifying its nature;

(d) Statements. Owner shall furnish or cause to be furnished to County promptly upon their becoming available, copies of all known press releases and other statements made available generally by Owner to the public concerning activities or developments relating to or affecting the Property; and

(e) Other Information. Owner shall furnish or cause to be furnished to County such other documents and information relating to the affairs of Owner and the Property as County reasonably may request from time to time.

ARTICLE 9. EFFECT AND DURATION OF COVENANTS

The covenants set forth in this Regulatory Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the County, its successors and assigns, and shall remain in effect for the term of this Regulatory Agreement and Declaration of Restrictive Covenants.

ARTICLE 10. EFFECT OF VIOLATION OF THE TERMS AND PROVISIONS OF THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

The County is deemed a beneficiary of the terms and provisions of this Regulatory Agreement and the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Regulatory Agreement and the covenants have been provided. The County shall have the right, if the covenants contained in this Regulatory Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Regulatory Agreement and covenants are entitled.

ARTICLE 11. DEFAULTS, REMEDIES AND TERMINATION

11.1 Defaults - General

Subject to the extensions of time set forth in Section 12.5, failure or delay by Owner to perform any term or provision of this Regulatory Agreement constitutes a Default under this Agreement.

Subject to Section 11.1.1 below, before County shall exercise any right or remedy available under this Agreement, it shall first deliver to Owner a written notice of Default, describing the Default in reasonable detail. Failure or delay in giving such notice or asserting any rights and remedies to any Default shall not constitute a waiver of any Default or of any such rights or remedies, nor shall it change the time of Default. Delays by a party in asserting any of its rights and remedies shall not deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies. Unless a different cure period is specified in Section 11.1.1, the Defaulting Party shall have thirty (30) days after the notice of Default is delivered to cure the Default; provided that if the Default is of such a nature that the cure cannot with diligence be completed within ninety (90) days and the Defaulting Party has commenced meaningful steps to cure within such ninety (90) day period, the Defaulting Party shall have such additional period of time, as County in its reasonable discretion determines is reasonably necessary to diligently effect a cure.

11.1.1 The following Defaults shall have the following cure periods other than thirty (30) days:

a) failure to pay or cause to be paid any sum of money owing under this Regulatory Agreement as and when due: 10 business Days.

The County agrees to provide notices of any default to Owner's limited partner when such limited partner is properly identified and shall accept any cure tendered by such limited partner on the same basis as if such cure were tendered by the Owner; provided, however, that failure to provide notice to Owner's limited partner shall not excuse any defaults of Owner or affect any rights and remedies available to the County.

11.2 Institution of Legal Actions

In addition to any other rights or remedies, a party may institute legal action to cure, correct, or remedy any default, to obtain specific performance, to enjoin actions, to appoint a receiver of the Property or any portion thereof, to recover damages, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Monterey, State of California, in any other appropriate court in that County, or in the United States District Court for the Northern District of California.

11.3 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

11.4 Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other parties.

11.5 Remedies and Rights of Termination

County, at its option, may terminate this Regulatory Agreement as to Owner in the event of Default that is uncured after the respective notice and cure period, if any.

11.6 Right to Perform Owner's Obligations

(a) If Owner shall at any time fail to pay or perform any of its covenants, agreements, and/or obligations under this Regulatory Agreement in the manner and within the time specified in this Agreement, then County, after ten (10) days' prior written notice to the defaulting party or any shorter period expressly provided elsewhere in this Regulatory Agreement and Declaration of Restrictive Covenants, and without waiving or releasing the defaulting party, shall have the right, but shall not be obligated, to pay such amount and/or perform such act as may then be required.

(b) If County exercises any right to perform any obligations of Owner, in the exercise of such right it may, but is not obligated to, among other things: (i) perform or attempt to perform, or cause to be performed, such obligation, (ii) employ security guards and other safeguards to protect the Property, (iii) spend such sums as are necessary, including any proceeds of Insurance Policies, to employ and pay such architects, engineers, consultants and contractors as may be required for the purpose of completing any alteration or work of improvement, (iv) execute all applications, certificates and other documents in the name of Owner as may be required for completing such work of improvement, (v) make and approve changes, alterations or additions to plans, (vi) modify or terminate any contractual arrangements; (vii) take any and all other actions which it may in its sole discretion consider necessary to complete the construction work, and (vi) prosecute or defend any action or proceeding incident thereto.

(c) Owner shall reimburse County, on demand, all sums County pays pursuant to this Section 11.6 and all reasonable costs and expenses County incurs in connection with the performance of any act authorized by this Section 11.6, together with interest at the rate of ten percent (10%) per annum.

(d) County shall not be liable to Owner in any manner for any inconvenience or disturbance arising out of its entry onto the Property in order to perform Owner's obligations, unless caused solely by the willful misconduct or gross negligence of County. If the County exercises any right to pay or perform under this Section 11.6, it nevertheless shall have no liability to Owner for the sufficiency or adequacy of any such payment or performance, or for the manner or quality of construction, unless caused solely by the willful misconduct or gross negligence of the County.

11.7 Limited Recourse Liability

The Loan is a limited recourse obligation of the Developer as set forth in Section 3.8(a) of the Loan Agreement.

ARTICLE 12. GENERAL PROVISIONS

12.1 Notices, Demands, and Communications Between the Parties

(a) Except as otherwise expressly provided in this Agreement, in every case when, under the provisions of this Agreement, it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose unless served (i) personally, (ii) by independent, reputable, overnight commercial courier, (iii) by facsimile transmission (A) where the transmitting party includes a cover sheet identifying the name, location and identity of the transmitting party, the phone number of the transmitting device, the date and time of the transmission, and the number of pages transmitted (including cover page), (B) where the transmitting device or receiving device records verification of receipt and the date of receipt and the date and time of transmission receipt and the phone number of the other device, and (C) where the facsimile transmission is immediately followed by service of the original of the subject item in the manner provided in subsection (i), (ii), or (iv) hereof by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

If to County: COUNTY OF MONTEREY
168 W. Alisal Street, Third Floor
Salinas, California 93901
FAX: (831) 755-5398
Attention Economic Development Director

If to Owner: MP Geil Street LLC
c/o Mid-Pen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attn: President

(b) Any party may, from time to time, by notice in writing served upon the other parties as aforesaid, designate an additional and/or a different mailing address in California or an additional and/or different person to whom all such notices, requests, demands, reports and communications are thereafter to be addressed. Any notice, request, demand, report or other communication served personally shall be deemed delivered upon receipt or; if served by mail or independent courier, shall be deemed delivered on the date of receipt as shown by the addressee's registry or certification receipt, or on the date receipt at the appropriate address is refused, as shown on the records or manifest of the U.S. Postal Service or independent courier, or, if served by facsimile transmission, shall be deemed delivered on the date of receipt as shown on the received facsimile (provided the original is thereafter delivered as aforesaid).

12.2 Conflict of Interests

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

12.3 Warranty Against Payment of Consideration for Regulatory Agreement and Declaration of Restrictive Covenants

Owner warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Regulatory Agreement and Declaration of Restrictive Covenants.

12.4 Nonliability of Officials, Employees and Partners

No member, official, agent or employee of the County shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the County for any amount which may become due to Owner or to its successor, or on any obligations under the terms of this Regulatory Agreement and Declaration of Restrictive Covenants:

12.5 Enforced Delay [Force Majeure]: Extension of Time of Performance

Notwithstanding specific provisions of this Regulatory Agreement and Declaration of Restrictive Covenants, performance by any party hereunder), shall not be deemed to be in default where delays or defaults are due to a Force Majeure Event.

12.6 Books, Records and Audits

(a) Owner shall keep and maintain at its principal offices true, accurate and complete records and double-entry books of account relating to the operations of the Property in such manner as to enable a formal audit and preparation of audited financial statements and in accordance with sound accounting practices. Owner shall retain all such books, records and accounts for a period of not less than five (5) years after the end of the year in question. All such books, records and accounts shall be supported by original, authenticated, receipted bills and/or invoices, checks, vouchers, tickets, bank statements, purchase orders, bills of lading, certified payrolls and other documents of entry; shall be maintained separately from books and records concerning any other business or property; and shall include a general ledger and journals with chronological entries.

(b) County may at any reasonable time during the term of this Regulatory Agreement, without restriction, upon 72 hours' prior written notice, examine, copy and audit (or cause to be examined, copied and audited by a professional consultant it selects) such records and books of account for the purpose of verifying costs and expenses and any other facts and information pertaining to the Property. In addition, County or its representative may from time to time, upon 3 business days' prior written notice, conduct a re-audit and observe the business operations of Owner to confirm the accuracy of books and records. After the Completion of the

Project, County's right to examine, copy and audit shall be exercisable not more often than once every twelve (12) months.

(c) County shall notify Owner of any records it deems insufficient and may require implementation of reasonable additions or changes to Owner's accounting procedures if the same are necessary or appropriate to effect more complete or accurate recordkeeping, accounting or disclosure. Owner shall have twenty-one (21) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the County in such notice, or if a period longer than twenty-one (21) days is reasonably necessary, then Owner shall begin to correct the deficiency within twenty-one (21) days and correct the deficiency as soon as reasonably possible.

(d) The County shall have the right to examine, monitor and audit all records, documents, conditions, and activities of Owner and its contractors and subcontractors related to the performance of obligations under this Regulatory Agreement and Declaration of Restrictive Covenants. Pursuant to Government Code Section 8546.7, the parties to this Regulatory Agreement shall be subject, as the request of the County, or as part of any audit of the County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Regulatory Agreement and Declaration of Restrictive Covenants.

12.7 Approvals

(a) Wherever this Regulatory Agreement provides that a party may approve a matter "in its sole discretion," or similar phrase, approvals required of such party may be given or withheld by such party with or without cause, within any time period. Wherever this Regulatory Agreement provides that a party may approve a matter in its "good faith discretion" or similar phrase, approvals required of such party may be given or withheld by such party based solely on its subjective determination of the merits within any time period, exercised in good faith.

(b) Except as provided in paragraph (a), approvals required of the County or Owner shall not be unreasonably withheld, conditioned or delayed, and approval or disapproval shall be given within the time provided for herein, or if no time is provided for such matter, within a reasonable time.

(c) For purposes of this Regulatory Agreement and Declaration of Restrictive Covenants, approval by the County shall mean approval by the Economic Development Director of the County, or such other person or official as may be designated in writing from time to time by the County Economic Development Director, unless the County provides notice to Owner that it has determined that approval by the County Board of Supervisors is required.

12.8 Construction and Interpretation of Regulatory Agreement and Declaration of Restrictive Covenants

(a) The language in all parts of this Regulatory Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Regulatory Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful

negotiation, that each party has been given the opportunity to independently review this Regulatory Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Regulatory Agreement and Declaration of Restrictive Covenants, this Regulatory Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

(b) If any term or provision of this Regulatory Agreement and Declaration of Restrictive Covenants, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Regulatory Agreement shall not be affected thereby and each other term and provision of this Regulatory Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Regulatory Agreement that is illegal, invalid or unenforceable, there be added as a part of this Regulatory Agreement an enforceable clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.

(c) The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

(d) References in this instrument to this "Regulatory Agreement and Declaration of Restrictive Covenants" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) shall mean, refer to and include the covenants, obligations and undertakings existing pursuant to this instrument and any riders, exhibits, addenda and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

(e) As used in this Regulatory Agreement and Declaration of Restrictive Covenants, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

ARTICLE 13. DISCLAIMER OF RESPONSIBILITY

Except as provided in this Regulatory Agreement and Declaration of Restrictive Covenants, the County neither undertakes nor assumes nor will have any responsibility or duty to Owner or to any third party to review, inspect, supervise, pass judgment upon or inform Owner or any third party of any matter in connection with the operation, management or maintenance of the Property. Owner and all third parties shall rely upon its or their own judgment with respect to such matter, and any review, inspection, supervision, exercise of judgment or information supplied to Owner or to any third party by the County in connection with such matter is for the public purpose of protecting the security of the County in accordance with this Regulatory

Agreement and Declaration of Restrictive Covenants, and neither Owner (except for the purposes set forth in this Regulatory Agreement and Declaration of Restrictive Covenants) nor any third party is entitled to rely thereon.

ARTICLE 14. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Regulatory Agreement shall be executed in duplicate originals each of which is deemed to be an original.

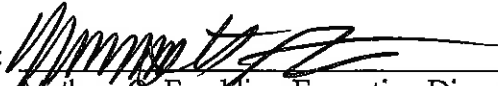
This Regulatory Agreement and Declaration of Restrictive Covenants integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to such terms and conditions. All waivers of the provisions of this Regulatory Agreement must be in writing and signed by the appropriate authorities of the County and Owner, and all amendments hereto must be in writing and signed by the appropriate authorities of the County and Owner.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Regulatory Agreement on the date first written above.

OWNER:

MP Geil Street LLC, a California limited liability company

By: Mid-Peninsula Seven Trees, Inc.,
a California nonprofit public benefit
corporation, its sole and managing member

By: 
Matthew O. Franklin, Executive Director
Matthew O. Franklin

By: Matthew O. Franklin
Its: Asst. Secretary

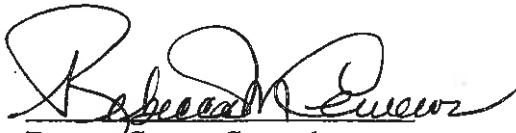
Date: 6/9/15

COUNTY OF MONTEREY

By: 
David Spaur, Economic Development Director

Date: 6/12/2015 David Spaur

APPROVED AS TO FORM:


Deputy County Counsel
Rebecca Ceniceros
Date: June 12, 2015

ACKNOWLEDGMENT

California All-Purpose Acknowledgment

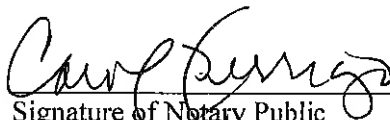
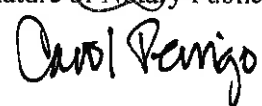
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

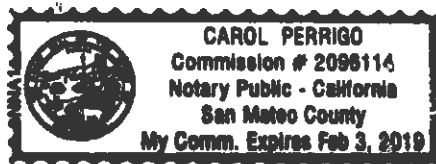
STATE OF CALIFORNIA }
COUNTY OF SAN MATEO } .SS.

On June 9, 2015 before me, Carol Perrigo, Notary Public, personally appeared Matthew O. Franklin, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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 of Notary Public LS




Attached Loose Certificate, Acknowledgment for document:

Geil Street Apts - Regulatory Agr & Declaration of Restrictive Covenants

ILLEGIBLE NOTARY SEAL DECLARATION

(Govt. Code 27361.7)

Name of Notary :

Carol Perrigo

State and County of Commission :

California, San Mateo

Date Commission Expires :

2-3-19

Commission Number :

2096114

I HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF THE ILLEGIBLE NOTARY SEAL STAMPED ON THE ATTACHED DOCUMENT.



(Signature of Affiant)

Date:

6/20/15

Place of Execution:

San Jose, CA

CALIFORNIA ALL-PURPOSE 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 MONTEREY)

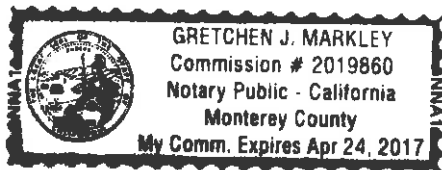
On JUNE 12, 2015 before me, GRETCHEN J. MARKLEY, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared DAVID SPAUR
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.



Signature Gretchen J. Markley
Signature of Notary Public
Comm. No. 2019860
Exp. April 24, 2017
Gretchen J. Markley

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document DECLARATION OF RESTRICTIVE COVENANTS
Title or Type of Document: REGULATORY AGENT, 4 Document Date: 6/12/2015
Number of Pages: 28 Signer(s) Other Than Named Above: MATHEW O. FRANKLIN

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

EXHIBIT A.

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Monterey, State of California, described as follows:

Lot 1, and the Southeasterly 50 feet of Lot 2 (measured at right angles from the Southeasterly line thereof) in Block 42 of the Town of Castroville, in the County of Monterey, State of California, according to Map filed September 2, 1987 in Volume 1, Page 55 of Maps of Cities and Towns, in the Office of the County Recorder of said county.

APN: 030-103-004-000, and 030-103-005-000

EXHIBIT B:
OPERATING BUDGET

OPERATING BUDGET

Property:	Geil Street
Year:	2015
Unit:	11
PropID:	Not Assigned

AVERAGE:	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Physical Occ	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Comm Occ	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%
DCR w/o BR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DCR w/ BR	1.80	1.84	1.85	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87

2015	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Budget Totals	330	330	330	330	330	330	330	330	330	330	330	330
Staff Recogniton	0	0	0	0	0	0	0	0	0	0	0	0
Contract Labor	0	0	0	0	0	0	0	0	0	0	0	0
Employee Unit	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Taxes-Employer	1,474	1,338	1,300	1,160	1,100	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Workers Comp.	2,265	189	189	189	189	189	189	189	189	189	189	189
Health Ins./EE Benefits	4,227	352	352	352	352	352	352	352	352	352	352	352
Annuity-Employer	77	6	6	6	6	6	6	6	6	6	6	6
Payroll Processing	107	9	9	9	9	9	9	9	9	9	9	9
Staff Development & Training	248	21	21	21	21	21	21	21	21	21	21	21
Staff Reassigned	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PAYROLL & STAFF	2,254	2,115	2,098	2,098	2,098	2,098	2,098	2,098	2,098	2,098	2,098	2,098

CONSULTING & MARKETING	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Resident Hospitality	600	50	50	50	50	50	50	50	50	50	50	50
Consulting Expense	0	0	0	0	0	0	0	0	0	0	0	0
Advertising & Marketing Expense	0	0	0	0	0	0	0	0	0	0	0	0
Applicant Screening Expense	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CONSULTING & MARKETING	600	50	50	50	50	50	50	50	50	50	50	50

GENERAL & ADMINISTRATIVE	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Office Expenses	300	25	25	25	25	25	25	25	25	25	25	25
Office Equip Repair/Maintenance	0	0	0	0	0	0	0	0	0	0	0	0
Printing, Copying & Photos	60	5	5	5	5	5	5	5	5	5	5	5
Postage	662	47	47	47	47	47	47	47	47	47	47	47
Rent Expense	0	0	0	0	0	0	0	0	0	0	0	0
Rent Expense I/E	0	0	0	0	0	0	0	0	0	0	0	0
Contract Labor - I/E	840	53	53	53	53	53	53	53	53	53	53	53
CPA/Audit	7,874	639	639	639	639	639	639	639	639	639	639	639
Communications Costs	2,244	187	187	187	187	187	187	187	187	187	187	187
Cable TV Expense	0	0	0	0	0	0	0	0	0	0	0	0
Conventions & Meetings	0	0	0	0	0	0	0	0	0	0	0	0
Travel Costs	0	0	0	0	0	0	0	0	0	0	0	0
Entertainment	0	0	0	0	0	0	0	0	0	0	0	0
Staff Meetings	92	4	4	4	4	4	4	4	4	4	4	4
Employee Events	0	0	0	0	0	0	0	0	0	0	0	0
Mileage Reimbursement	600	50	50	50	50	50	50	50	50	50	50	50
Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0
Administrative Exps-Misc	0	0	0	0	0	0	0	0	0	0	0	0
Computer Expenses	353	32	32	32	32	32	32	32	32	32	32	32

Based on 2% of salary for strong performance recognition, annualized.

N/A

Based on current and applicable tax rates applied to budget wages, staff recognition, and the employee unit.

Based on current worker comp rates with a 5% increase projected to be implemented in January and applied to wages, staff recognition, and the employee unit.

Based on the current benefit enrollments with adjustments for vacant positions using the average enrollments and with a 12.5% increase projected upon renewal in January.

Allocation for software licensing and payroll processing.

\$700 per FTE annualized, plus \$500 for CM's attendance to AHMA in September.

Allocation for resident meetings and holiday events.

N/A

N/A

Anticipates 1 turnover per year (3 applications).

Cost for mime office supplies such as paper, pens, ect. Includes printing, copying, photos, business cards, office print material (non-marketing), printer toner, etc.

Anticipated cost of postage.

Expenses associated with office equipment, such as the copier, check scanning, etc. (split with Cymara).

N/A

N/A

Based on \$10 per unit per year for file review and compliance work and new move-in file review. Based on 25 hours at \$87/hour for vacation and/or open position coverage (41.86% allocation)

Based on the costs for the 2013 audited financial statements and tax returns with a 3% projected increase.

Based on 12 month average with allocation for \$1.50 per unit per month for on call service provider.

N/A

N/A

N/A

N/A

N/A

Based on \$5 per unit per year. Includes allocation for annual Leadership Meeting in January.

N/A

Based on 12 month average

Based on \$11.35 per unit per year for AHMA and California Apartment Association.

N/A

Allocation for software licensing and other computer related expenses with a 3.5% increase scheduled in June.

OPERATING BUDGET

Property: Geil Street
 Year: 2015
 Units: 11
 Propfit: Not Assigned

AVERAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Physical Occ	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%	89.00%
Exec Occ	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
DCR w/ RR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DCR w/ RR	1.80	1.84	1.85	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87

2015 Budget Per Unit

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL GENERAL & ADMINISTRATIVE	1,043	1,043	1,043	1,043	1,043	1,043	1,043	1,043	1,043	1,043	1,043	1,043
UTILITIES												
Garbage Removal	475	475	475	475	475	475	475	475	475	475	475	475
Electricity	150	150	150	150	150	150	150	150	150	150	150	150
Gas	12	12	12	12	12	12	12	12	12	12	12	12
Water	373	373	373	373	373	373	373	373	373	373	373	373
Sewer	169	169	169	169	169	169	169	169	169	169	169	169
Vacant Utilities	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL UTILITIES	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179	1,179
CONTRACTS												
Janitorial Contract	0	0	0	0	0	0	0	0	0	0	0	0
Externalizing Contract	0	0	0	0	0	0	0	0	0	0	0	0
Fire Alarm Contract	0	0	0	0	0	0	0	0	0	0	0	0
Security PR/Contract	0	0	0	0	0	0	0	0	0	0	0	0
Landscape Contract	350	350	350	350	350	350	350	350	350	350	350	350
Other Maintenance Contract	83	83	83	83	83	83	83	83	83	83	83	83
Elevator Contract	0	0	0	0	0	0	0	0	0	0	0	0
Swimming Pool/Sys Contract	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CONTRACTS	578	578	578	578	578	578	578	578	578	578	578	578
OPERATING & MAINTENANCE EXPENSES												
Janitorial Expenses	190	190	190	190	190	190	190	190	190	190	190	190
Landscaping Expenses	125	125	125	125	125	125	125	125	125	125	125	125
Misc - Service & Supplies	0	0	0	0	0	0	0	0	0	0	0	0
Lighting & Electrical Repairs	351	351	351	351	351	351	351	351	351	351	351	351
Elevator Supplies & Repairs	0	0	0	0	0	0	0	0	0	0	0	0
HVAC Maintenance & Supplies	305	305	305	305	305	305	305	305	305	305	305	305
Plumbing Supplies & Repairs	178	178	178	178	178	178	178	178	178	178	178	178
Carpentry	395	395	395	395	395	395	395	395	395	395	395	395
Locks & Keys	120	120	120	120	120	120	120	120	120	120	120	120
Swimming Pool/Sys Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Carpet Cleaning & Repairs	125	125	125	125	125	125	125	125	125	125	125	125
Appliance Parts & Repairs	183	183	183	183	183	183	183	183	183	183	183	183
Window & Coverings	122	122	122	122	122	122	122	122	122	122	122	122
Painting/Operating Contract	0	0	0	0	0	0	0	0	0	0	0	0

Comments:

Allocation for IT service and maintenance as based on the anticipated service needs.

N/A

N/A

N/A

N/A

N/A

N/A

Includes 2 full uniform purchases for all maintenance personnel based on property allocations.

Based on anticipated expenses in comparison to properties in the area.

Based on anticipated expenses in comparison to properties in the area.

Based on anticipated expenses in comparison to properties in the area.

Based on anticipated expenses in comparison to properties in the area.

Based on anticipated expenses in comparison to properties in the area.

Based on anticipated expenses in comparison to properties in the area.

N/A
 Allocation for anticipated externalizing contract

N/A

N/A

Allocation for landscaping expenses.

Allocation for tree trimming and gutter cleaning amortized over two years.

N/A

N/A

Cost for misc cleaning supplies
 Allocation for supplies and services outside of the service contract (fridge repair) with an additional allocation for seasonal column 2 same per year.

N/A now coded in new account codes below.

Lighting bulbs/balls replacements exterior and interior.

N/A

HVAC repair supplies and annual filter replacement.

Cost for plumbing repairs and supplies.

Miscellaneous carpentry supplies.

Cost for lock repairs.

N/A

Cost for common area carpet cleaning.

Cost for misc appliance repairs.

Cost for misc blinds repairs.

N/A

OPERATING BUDGET

Property:	Geil Street
Year:	2015
Units:	11
Propid:	Not Assigned

Physical Occ	AVERAGE											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Physical Occ	99.00%	96.00%	98.00%	97.00%	98.00%	98.00%	98.00%	99.00%	96.00%	99.00%	98.00%	97.00%
Econ Occ	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%
DCR w/o RR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DCR w/ RR	1.80	1.84	1.85	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87

2015 Budget Per Unit	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Budget Total	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - First IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - First IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Second IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Second IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Third IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Third IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - First (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - First (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Second (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Second (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Third (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Third (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Fourth (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Fourth (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Fifth (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Principal - Fifth (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - First (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Second (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Third (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Fourth (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Fifth (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Sixth (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Seventh (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Eighth (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - First IE (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Second IE (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense - Third IE (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL FINANCING & DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES	0	0	0	0	0	0	0	0	0	0	0	0
RF1 120-0000 - Rev-Replacement Deposit	550	550	550	550	550	550	550	550	550	550	550	550
RF1 265-0000 - Rev-Drainage Deposit	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES	550	550	550	550	550	550	550	550	550	550	550	550
GROUND LEASE	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Rent - IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Interest - IE (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Rent (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Interest (Hard)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Rent - IE (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Interest - IE (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Rent (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease Interest (Soft)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROUND LEASE	0	0	0	0	0	0	0	0	0	0	0	0
PARTNERSHIP FEES	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Mgmt Fee	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee SC - IE	0	0	0	0	0	0	0	0	0	0	0	0
Social Service Fee SC - IE	0	0	0	0	0	0	0	0	0	0	0	0
Incentive Management Fee - IE	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Mgmt Fee - IE	0	0	0	0	0	0	0	0	0	0	0	0
Asset Management Fee IE	0	0	0	0	0	0	0	0	0	0	0	0
Asset Management Fee	0	0	0	0	0	0	0	0	0	0	0	0
Incentive Management Fee	0	0	0	0	0	0	0	0	0	0	0	0

Comments: N/A

Based on proforma.

OPERATING BUDGET

Property:	663 Street
Year:	2015
Units:	11
PropID:	Not Assigned

Physical Occ	AVERAGE											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Physical Occ	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
Exec Occ	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%
DCR w/ RR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DCR w/ RR	1.82	1.81	1.85	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87	1.87

Budget	2015 BUDGET											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Budget	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0

Comments: N/A

Code	Description	2015 Budget	2015 Actual	2015 Variance	Comments
6691-0000	Developer Fee Interest Expense	0	0	0	N/A
6691-0000	Developer Fee Interest Expense - IE	0	0	0	N/A
TOTAL PARTNERSHIP FEES					
5700-0000	Donations	0	0	0	N/A
5750-0000	Grant Income	0	0	0	N/A
6341-0000	Legal/Medical/Litigation	0	0	0	N/A
6352-0000	Professional Services	0	0	0	N/A
6900-0000	Misc Non-Operating Income	0	0	0	N/A
6900-0000	Litigation Settlement Income	0	0	0	N/A
6370-0000	Bad Debts - IE	0	0	0	N/A
TOTAL OTHER EXPENSE / (INCOME)					

Code	Description	2015 Budget	2015 Actual	2015 Variance	Comments
CAPITAL IMPROVEMENTS					
7110-0000	Special Projects	0	0	0	
7300-0000	Capital Expenses	0	0	0	
7300-0010	Cap Exp-Appliances	0	0	0	See Capital Plan
7300-0020	Cap Exp-Computers	0	0	0	See Capital Plan
7300-0030	Cap Exp-Electrical	0	0	0	See Capital Plan
7300-0040	Cap Exp-Exterior	0	0	0	See Capital Plan
7300-0050	Cap Exp-Flooring Coverings	0	0	0	See Capital Plan
7300-0060	Cap Exp-Furniture	0	0	0	See Capital Plan
7300-0070	Cap Exp-HVAC	0	0	0	See Capital Plan
7300-0080	Cap Exp-Interior	0	0	0	See Capital Plan
7300-0090	Cap Exp-Plumbing	0	0	0	See Capital Plan
7300-0100	Cap Exp-Pool/Work	0	0	0	See Capital Plan
7300-0110	Cap Exp-Roof/Gutters	0	0	0	See Capital Plan
7300-0120	Cap Exp-Security Systems	0	0	0	See Capital Plan
7300-0130	Cap Exp-Windows/Doors	0	0	0	See Capital Plan
5881-0000	Gutter Cleaning	0	0	0	See Capital Plan
5882-0000	Tree Trimming	0	0	0	See Capital Plan
7400-0010	Construction Management Fee - IE	0	0	0	See Capital Plan
7400-0010	Construction Management Withdrawal	0	0	0	See Capital Plan
7400-0010	Cap Replacement Withdrawal	0	0	0	See Cash Flow
TOTAL CAPITAL IMPROVEMENTS					
6610-0000	DEPRECIATION AND AMORTIZATION	0	0	0	
6610-0000	Amortization Expense	0	0	0	
6620-0000	Depreciation Expense	0	0	0	
TOTAL DEPRECIATION AND AMORTIZATION					

Code	Description	2015 Budget	2015 Actual	2015 Variance	Comments
TOTAL NON-OPERATING					
5500		550	550	0	
440		462	473	11	
NET BUDGETED					
5500		550	550	0	
440		462	473	11	

EXHIBIT C

DEVELOPMENT BUDGET SOURCES AND USES

	State CHRP-R	Monterey County CDBG	Replacement Reserves	County Hsg Successor	Total Costs
	\$604,192.00	\$161,503.37	\$71,000.00	\$400,000.00	
General Development Costs					
Construction Loan Interest					\$ -
Real Estate Taxes During Construction					\$ -
Builders Insurance Liability		\$9,465.00			\$ 9,465.00
Legal Fees		\$34,000.00			\$ 34,000.00
Title and Recording Expenses		\$15,000.00			\$ 15,000.00
Organizational Expenses		\$5,500.00			\$ 5,500.00
TOTAL GENERAL DEVELOPMENT COSTS		\$63,965.00			\$ 63,965.00
Construction Costs					
Structures		\$79,856.44	\$17,069.07	\$198,146.74	\$ 295,072.25
Project Amenities				\$89,000.00	\$ 89,000.00
Hard and Soft Cost Contingency				\$ 9,993.26	\$ 9,993.26
Relocation				\$50,000.00	\$ 50,000.00
Prevailing Wage Monitor				\$5,000.00	\$ 5,000.00
Due Diligence Reimbursement				\$10,000.00	\$ 10,000.00
TOTAL CONSTRUCTION COSTS		\$79,856.44	\$17,069.07	\$362,139.00	\$ 459,065.51
Construction Fees					
Impact Fees, Permits, School Fees		\$3,180.93			\$ 3,180.93
Architectural/Engineering		\$14,500.00			\$ 14,500.00
Developer Fees				\$37,860.00	\$ 37,860.00
TOTAL CONSTRUCTION FEES		\$17,680.93	\$ -	\$37,860.00	\$ 55,540.93
Equity/Financing					
Up Front Land Purchase		\$1.00			\$ 1.00
Acquisition Financing	\$604,192.00				\$ 604,192.00
County Monitoring Fee			\$53,930.93		\$ 53,930.93
TOTAL EQUITY/FINANCING	\$604,192.00		\$53,930.93		\$ 658,123.93
TOTAL DEVELOPMENT COST	\$604,192.00	\$161,503.37	\$71,000.00	\$400,000.00	\$1,236,695.37

EXHIBIT D

DEVELOPMENT SCOPE OF WORK

The proposed scope includes acquisition and rehabilitation including immediate capital improvements that will enhance the overall quality of life of the existing low and very-low income residents.

Improvements include rehabilitation of unit interiors as well as other repairs and upgrades to the property. The scope is as follows:

1. Complete renovation of kitchens, including reconfiguration to properly vent stoves and eliminate cabinetry that is currently above improperly vented stoves, presenting a fire hazard. The reconfiguration will create more functionality as the current kitchens have almost no counter space for preparation of meals.
2. Bathroom improvements include (as needed, on a unit by unit basis) new vanities, flooring, tub tile surrounds, sinks and GFI outlets.
3. Miscellaneous improvements and upgrades will include new carpet, paint and window blinds, as needed.
4. Property exterior rehabilitation including:
 - a. Maintenance shed;
 - b. Planter boxes at units;
 - c. Tot Lot play area with equipment and surfacing;
 - d. Landscape improvements at lawn edges;
 - e. Painting;
 - f. Unit signage;
 - g. Exterior signage;
 - h. Trash enclosure repairs;
 - i. Driveway and walkway repairs;
 - j. Roof repairs;
 - k. Laundry room repairs and upgrades, including installation of a handicap accessible ramp; and
 - l. Termite treatment.

BEING A LOCAL HAS ITS BENEFITS!

Take advantage of living and working in Monterey County. Check out this exciting program that gives you a better chance to purchase a home at The Dunes on Monterey Bay. Six homes are reserved at Sea House for those who qualify.



To Qualify, You Must:

- Be employed in any Monterey County public safety department (including fire, police or public works)
- Or in public or private education for the Monterey Peninsula Unified School District
- Or by any college or university located on the former Fort Ord
- Or by any company located on the former Fort Ord
- Or by any company located in the city of Marina
- Or currently reside in the city of Marina
- AND have a household income up to (but not exceed) \$111,300. (Assets are not used to qualify)


For more information, contact a community representative at the number below.



Map not to scale

THE DUNES
on Monterey Bay

sheahomes.com 3003 Boardwalk Avenue, Marina, CA 93933 TheDunesonMontereyBay.com (831) 901-3972

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