

**EXHIBIT E**

FREE RECORDING REQUESTED PURSUANT  
TO GOVERNMENT CODE SECTION 27383

When Recorded Mail to:

City of Santa Ana, acting as successor agency  
to the Community Redevelopment Agency  
of the City of Santa Ana  
20 Civic Center Plaza  
P.O. Box 1988  
Santa Ana, California 92702  
Attn: Executive Director

---

**SUCCESSOR AGENCY LOAN  
DEED OF TRUST  
AND ASSIGNMENT OF RENTS**

This SUCCESSOR AGENCY LOAN DEED OF TRUST AND ASSIGNMENT OF RENTS (the "Deed of Trust") is made as of March \_\_\_\_, 2012, among Vista Del Rio Housing Partners LP, a California limited partnership (the "Trustor"), First American Title Insurance Company, a California corporation (the "Trustee"), and the City of Santa Ana, acting as successor agency of the Community Redevelopment Agency of the City of Santa Ana (the "Beneficiary").

Trustor, in consideration of the promises herein recited and the trust herein created, irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, the property located in the City of Santa Ana, County of Orange, State of California, described in the attached Exhibit A and more commonly known 1600 West Memory Lane, Santa Ana, California (the "Property");

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and all fixtures now or hereafter attached to the Property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by this Deed of Trust;

TOGETHER with the right, power and authority during the continuance of these Trusts, to collect the rents, issues, and profits of the Property, reserving unto the Trustor the right, prior to any default by Trustor in payment of the indebtedness secured by this Deed of Trust or in the performance of any agreement secured by this Deed of Trust, to collect and retain these rents, issues and profits as they become due and payable; and,

TOGETHER with all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected, or hereafter to be erected, on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities

conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefore, whether or not the same are, or shall be attached to said building or buildings in any manner; and all of the foregoing, together with the Property, is herein referred to as the "Security";

To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever;

TO SECURE to the Beneficiary (a) the repayment of the sums evidenced by that certain Agency Loan Note secured by Subordinated Deed of Trust to the Community Redevelopment Agency of the City of Santa Ana to the Beneficiary executed by Trustor, dated concurrently herewith in the principal amount of Four Hundred Sixty-Nine Thousand Dollars (\$469,000.00) (the "Loan"); (b) the payment and performance of the covenants and agreements of Trustor contained in that certain Loan Agreement dated concurrently herewith and recorded in the official land records of the County of Orange concurrently herewith, by and among Trustor, Beneficiary, and City ("Agreement"), (c) the payment and performance of the covenants and agreements of Trustor contained in the Disposition and Development Agreement dated July 20, 2009, the First Amendment to the Disposition and Development Agreement dated March 15, 2010, the Second Amendment to the Disposition and Development Agreement dated December 20, 2010, and the Third Amendment to the Disposition and Development Agreement dated March 21, 2011, by and among Trustor, Beneficiary, and Housing Authority of the City of Santa Ana (collectively, the "DDA"); (d) the payment and performance of the covenants and agreements of Trustor contained in the Affordability Restrictions on Transfer of Property by and among City, Trustor and Beneficiary, dated and recorded concurrently herewith (the "Affordability Restrictions") and (e) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Trustor contained herein.

#### TRUSTOR AND THE BENEFICIARY COVENANT AND AGREE AS FOLLOWS:

1. Agency Loan. This Deed of Trust is executed and delivered, along with the Promissory Note, pursuant to and in implementation of the 41 unit special needs affordable multi-family residential project in the aforementioned Agreement and DDA entered into by and between the Beneficiary and Trustor, to benefit the Property, a copy of which is on file as a public record with the Beneficiary. Trustor acknowledges that but for the execution of this Deed of Trust, the Beneficiary would not enter into the Promissory Note secured by this Deed of Trust.

2. Trustor's Estate. Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Security; that other than this Deed of Trust, the Security is not encumbered except for obligations secured by deeds of trust, or any other security agreement, to secure financing or refinancing for the purchase and development of the Property.

3. Repayment of the Loan. Trustor will promptly repay, when due, the principal and interest, if any, as required by the Promissory Note secured by this Deed of Trust.

4. Subordination. This obligation secured by this Deed of Trust shall be subordinated to any and all obligations secured by deeds of trust, or any other security agreement, to secure financing or refinancing for the purchase and rehabilitation of the Property; subject to and provided that the Beneficiary and such Senior Lender enter into a subordination agreement providing notice and cure

rights to Beneficiary that are reasonably acceptable to the Executive Directors and consistent with the requirements of Section 19 of the Affordability Restrictions.

5. Prior Mortgages and Deeds of Trust; Charges; Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Instrument, including Trustor's covenants to make payments when due. Trustor will pay all taxes, assessments and other charges, fines and impositions attributable to the Security which may attain a priority over this Deed of Trust, by Trustor making any payment, when due, directly to the payee thereof. Trustor will promptly furnish to the Beneficiary all notices of amounts due under this paragraph, and in the event Trustor makes payment directly, Trustor will promptly discharge any lien which has priority over this Deed of Trust; provided that Trustor will not be required to discharge the lien of the Deed of Trust securing any senior lender or any other lien described in this paragraph so long as Trustor will agree in writing to the payment of the obligation secured by such lien in a manner acceptable to the Beneficiary, or will, in good faith, contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Security or any part thereof.

6. Hazard Insurance. Trustor will keep the Security insured by such insurance policies in such amounts and for such periods as called for in the Agreement. All insurance policies and renewals thereof will include a standard mortgagee clause with standard lender's endorsement in favor of the holder of any senior lender and the Beneficiary as their interests may appear and in a form acceptable to the Beneficiary. The Beneficiary shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Trustor shall promptly furnish to the Beneficiary, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums. In the event of loss, Trustor will give prompt notice to the insurance carrier and the Beneficiary or its designated agent. The Beneficiary, or its designated agent, may make proof of loss if not made promptly by Trustor. The Beneficiary shall receive 30 days' advance notice of cancellation of any insurance policies required under this Section.

Unless the Beneficiary and Trustor otherwise agree in writing, insurance proceeds, subject to the rights of any senior lender, will be applied to restoration or repair of the Security damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, again, subject to the rights of any senior lender, the insurance proceeds will be used to repay the grant under this Deed of Trust, with the excess, if any, paid to Trustor. If the Security is abandoned by Trustor, or if Trustor fails to respond to the Beneficiary, or its designated agent within 30 days from the date notice is mailed by either of them to Trustor that the insurance carrier offers to settle a claim for insurance benefits, the Beneficiary, or its designated agent, is authorized to collect and apply the insurance proceeds at the Beneficiary's option either to restoration or repair of the Security or to repay the Loan.

If the Security is acquired by the Beneficiary, all right, title and interest of Trustor in and to any insurance policy and in and to the proceeds thereof resulting from damage to the Security prior to the sale or acquisition will pass to the Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition subject to the rights of any senior lender.

7. Preservation and Maintenance of Security. Trustor will keep the Security in good repair and will not commit waste or permit impairment or deterioration of the Security.

8. Protection of the Beneficiary's Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust or if any action or proceeding is commenced which materially affects the Beneficiary's interest in the Security, including, but not limited to, default under this Deed of Trust securing any senior lender, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then the Beneficiary, at the Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums and take such action as it determines necessary to protect the Beneficiary's interest, including, but not limited to, disbursement of reasonable attorneys' fees and entry upon the Security to make repairs.

Any amounts disbursed by the Beneficiary pursuant to this paragraph, with interest thereon, will become an indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and the Beneficiary agree to other terms of payment, such amount will be payable upon notice from the Beneficiary to Trustor requesting payment thereof, and will bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Promissory Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts will bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph will require the Beneficiary to insure any expense or take any action hereunder.

9. Inspection. The Beneficiary may make, or cause to be made, reasonable entries upon and inspections of the Security during normal business hours; provided that the Beneficiary will give Trustor reasonable notice of inspection.

10. Forbearance by the Beneficiary Not a Waiver. Any forbearance by the Beneficiary in exercising any right or remedy will not be a waiver of the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by the Beneficiary will not be a waiver of the Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or any other document, or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. Successors and Assigns Bound. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the Beneficiary and Trustor subject to the provisions of this Deed of Trust.

13. Joint and Several Liability. All covenants and agreements of Trustor shall be joint and several.

14. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Deed of Trust will be given by certified mail, return receipt requested, addressed to Trustor at Vista Del Rio Housing Partners LP, c/o Foundation for Affordable Housing V, Inc., 30950 Rancho Viejo Road, Suite 100, San Juan Capistrano, CA 92675, with a copy to Enterprise Community Investment, Inc., 10227 Wincopin Circle, Suite 800, Columbia, Maryland 21044, Attention: General Counsel, and (b) any notice to the Beneficiary will be given by certified mail, return receipt requested, to the Beneficiary at 20 Civic Center Plaza, P.O. Box 1988, Santa Ana, California 92702, Attention: Executive Director, or at such other address as the Beneficiary may designate by notice to Trustor as provided above. Notice shall be effective as of the date received by the Beneficiary as shown on the return receipt.

15. Governing Law. This Deed of Trust shall be governed by the laws of the State of California.

16. Severability. In the event that any provision or clause of this Deed of Trust or the Promissory Note conflicts with applicable law, such conflict will not affect other provisions of this Deed of Trust or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Promissory Note are declared to be severable.

17. Captions. The captions and headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

18. Default in Foreclosure; Remedies. Upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust or the Promissory Note secured by this Deed of Trust, including, but not limited to, the covenants to pay, when due, any sums secured by this Deed of Trust, or any default under any other agreement the performance of which is secured by this Deed of Trust, the Beneficiary may declare all sums secured by this Deed of Trust immediately due and payable by delivering to Trustor notice thereof specifying: (1) The breach; (2) the action required to cure such breach; (3) a date not less than 30 days from the date the notice is received by Trustor as shown on the return receipt, by which such breach is to be cured provided, however, that if such default is not reasonably susceptible to being cured within 30 days, Trustor shall have a reasonable period to cure the defect so long as Trustor is diligently prosecuting the cure to completion; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Security. The notice will also inform Trustor of Trustor's right to reinstate after acceleration and the right to bring a court action to assert the non-existence of default or any other defense of Trustor to acceleration and sale.

If the breach is not cured on or before the date specified in the notice or such longer period as provided above, the Beneficiary, at the Beneficiary's option, may: (a) declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law; (b) either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of the Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or any part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any breach hereunder or invalidate any act done in response to such breach and, notwithstanding the continuance in possession of the Security, the Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any uncured breach, including the right to exercise the power of sale; (c) commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; (d) deliver to the Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale found at California Civil Code Sections 2924, et seq., as amended from time to time; or (e) exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

The Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

Notwithstanding anything to the contrary contained in this Deed of Trust, the Successor Agency hereby agrees that any cure of any default made or tendered by the Limited Partner shall be deemed to be a cure by Trustor and shall be accepted or rejected on the same basis as if made or tendered by Trustor. Copies of all notices which are sent to Trustor under the terms of this Deed of Trust shall also be sent to the Limited Partner at an address to be provided in writing to the Successor Agency by the Limited Partner.

19. Trustor's Right to Reinstate. Notwithstanding the Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor will have the right to have any proceedings begun by the Beneficiary to enforce this Deed of Trust discontinued at any time prior to 5 days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays the Beneficiary all sums which would be then due under this Deed of Trust and no acceleration under the Promissory Note has occurred; (b) Trustor cures all breaches of any other covenants or agreements Trustor contained in this Deed of Trust and the Covenants; (c) Trustor pays all reasonable expenses incurred by the Beneficiary and the Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and the Covenants, and in enforcing the Beneficiary's and the Trustee's remedies, including, but not limited to, reasonable attorneys' fees; and (d) Trustor takes such action as the Beneficiary may reasonably require to assure that the lien of this Deed of Trust, the Beneficiary's interest in the Security and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

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

21. Reconveyance. Upon payment or forgiveness of all sums secured by this Deed of Trust and expiration of the Term of the Agreement and the Term of the Affordability Restrictions, the Beneficiary will request the Trustee to reconvey the Security and will surrender this Deed of Trust and the Promissory Note to the Trustee. The Trustee will reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

22. Substitute Trustee. The Beneficiary, at the Beneficiary's option, may from time to time remove the Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee will succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

23. Request for Notice. Trustor requests that copies of the notice of default and notice of sale be sent to Trustor at the address set forth in Section 14 above.

24. Nonrecourse Liability. Neither Trustor nor any general partner of Trustor shall have any personal liability under the Loan Agreement, Promissory Note, and this Deed of Trust and any

judgment, decree or order for payment of money obtained in any action to enforce the obligation of Trustor to repay the Loan evidenced by such documents shall be enforceable against Trustor only to the extent of Trustor's interest in the Property.

25. Third Party Beneficiaries. City and the Housing Authority of the City of Santa Ana are third party beneficiaries of Beneficiary's rights hereunder, with full right (but no obligation) to enforce the terms and exercise the remedies provided to Beneficiary hereunder.

IN WITNESS WHEREOF, Trustor has executed this Agency Loan Deed of Trust and Assignment of Rents as of the date first written above.

**“Trustor”**

**VISTA DEL RIO HOUSING PARTNERS LP,**  
a California limited partnership

By: A Community of Friends,  
a California nonprofit public benefit corporation  
Its: Managing General Partner

By: \_\_\_\_\_  
Dora Leong Gallo  
Its: Chief Executive Officer

By: Foundation for Affordable Housing V, Inc.  
a California nonprofit public benefit corporation  
Its: Administrative General Partner

By: \_\_\_\_\_  
Deborrah A. Willard  
Its: President



**EXHIBIT F**

**AGENCY LOAN NOTE  
SECURED BY SUBORDINATED DEED OF TRUST TO THE  
CITY OF SANTA ANA, ACTING AS SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SANTA ANA**

\$469,000.00

March \_\_\_, 2012  
Santa Ana, California

**1. Principal Amount of Agency Loan**

For value received, Vista Del Rio Housing Partners LP, a California limited partnership ("Borrower"), promises to pay to the order of the City of Santa Ana, acting as successor agency of the Community Redevelopment Agency of the City of Santa Ana ("Successor Agency"), at 20 Civic Center Plaza, Santa Ana, California 92702, or at such other place as the Successor Agency may from time to time designate in writing, or to the assignee of the Successor Agency, the principal sum of FOUR HUNDRED THOUSAND SIXTY-NINE DOLLARS (\$469,000.00) or so much thereof as shall be disbursed hereunder, with three percent interest (3.0%).

In implementation of the acquisition and development of that certain real property in the City of Santa Ana, described in the Loan Agreement as the "Property," commonly known as 1600 West Memory Lane, Santa Ana, California, and operation of the Property as affordable rental housing for Extremely Low Income and Very Low Income households, (a) the Community Redevelopment Agency of the City of Santa Ana, as predecessor in interest to the City of Santa Ana, acting as Successor Agency, the Housing Authority of the City of Santa Ana and Borrower have heretofore entered into that certain Disposition and Development Agreement dated July 20, 2009, the First Amendment to the Disposition and Development Agreement dated March 15, 2010, the Second Amendment to the Disposition and Development Agreement dated December 20, 2010, and the Third Amendment to the Disposition and Development Agreement dated March 21, 2011 (collectively, the "DDA"); (b) City, Successor Agency and Borrower have entered into that certain "Loan Agreement" dated concurrently herewith and recorded against the Property (the Loan Agreement and DDA are collectively referred to herein as the "Agreement"), and (c) the City of Santa Ana ("City"), Successor Agency and Borrower have entered into those certain Affordability Restrictions on Transfer of Property, dated concurrently herewith and recorded against the Property ("Affordability Restrictions"). This Note is made pursuant to, entitled to the benefits of and referred to as the Agency Loan Note in the Loan Agreement. This Note is secured by that certain Agency Loan Deed of Trust and Assignment of Rents between Borrower and Successor Agency, dated concurrently herewith ("Agency Loan Deed of Trust"). This Note, the Loan Agreement, the Affordability Restrictions, the Agency Enhanced Entryway Note, the Agency Enhanced Entryway Loan Deed of Trust, the Agency Loan Deed of Trust, the Agency Transfer Note, the City/HOME Loan Note, and the City/HOME Loan Deed of Trust are sometimes collectively referred to herein as the "Loan Documents." The Loan Documents and the rights and responsibilities of Borrower thereunder inure to the benefit of the City, Successor Agency and the Housing Authority of the City of Santa Ana. Any capitalized term which is not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement.

**2. Definitions.**

For the purpose of calculating the payments to be made by Borrower to Successor Agency pursuant to this Note, the following terms shall have the following respective meanings:

**“Agency Loan”** shall mean the loan evidenced by this Note.

**“Calendar Year”** means each consecutive twelve (12) month period from January 1 to December 30.

**“Closing Costs”** shall mean:

21.18.2 In the case of a Sale, reasonable brokerage commissions payable to a broker as a result of the Sale, which shall not in any event exceed the customary amount charged-for similar transactions in the immediate market place, costs of title insurance premiums, documentary stamp taxes, escrow fees, recording charges, loan repayment charges and other costs reasonably incurred with respect to the Property, in each case actually paid by Borrower as a condition of the Sale.

21.18.3 In the case of a Refinancing, the reasonable and necessary costs of completing such Refinancing, including, without limitation, loan fees, loan repayment charges, costs of title insurance premiums, escrow fees, recording fees and attorneys’ fees.

**“Gross Revenues”** shall mean all revenues and receipts of every kind actually received by Borrower from operating the Property, and all parts thereof, including, but not limited to, income from both cash and credit transactions, rental from leased and/or subleased spaces and parking fees and charges (but not including security deposits and other tenant deposits, except to the extent such deposits are forfeited to the Borrower under the tenant’s lease). Gross Revenues also includes any casualty insurance proceeds in excess of those used to restore the Property and any rental interruption insurance proceeds. Any credit consideration shall be included in Gross Revenues at the time cash proceeds (principal, interest and/or other) are received. Borrower shall establish and maintain accounts for the Gross Revenues (the “Project Accounts”) that are segregated from revenues and income received by Borrower from all other projects. Gross Revenues shall also include all interest earned on the Project Accounts. Gross Revenues shall not include loan proceeds or capital contributions.

**“Operating Expenses”** shall mean the sum of the following:

(a) scheduled payments of principal and interest and all other charges relating to the Senior Loan(s);

(b) all other actual, reasonable cash operating costs and expenses, calculated on an annual basis, that are directly attributable to managing and operating the Property, including, without limiting the generality of the foregoing, the following: costs and expenses for real and personal property taxes, special assessments or similar charges; water, fuel, electricity and other utilities; heating, ventilation and air conditioning expenses; labor; supplies; tools; equipment; insurance; advertising and marketing; accounting and legal fees; brokerage commissions and other leasing expenses; reasonable reserves for all anticipated expenses as approved by the Successor Agency; and other such items constituting operation, maintenance and repair costs actually paid by the Borrower, subject to the following conditions:

(i) Depreciation and amortization expenses shall not be considered Operating Expenses, except as otherwise provided herein.

(ii) Any expenses, compensation or fees paid to any affiliate of Borrower shall only be included as Operating Expenses to the extent they are not in excess of the reasonable expenses, compensation or fees which would be payable to unrelated third parties in arms-length transactions for similar services in the Santa Ana, California area.

(c) a management fee equal to \$55 per unit a month (increasing by CPI).

(d) deposits into required reserves.

(e) payments due on any deferred Developer Fees.

(f) Any other expenses necessary to meet Senior Lender requirements and requirements of Borrower's Limited Partner, or its assignee, as set forth in Borrower's Partnership Agreement.

**"Project"** shall mean the acquisition, development, operation, maintenance, and management of the Property as affordable housing by Borrower pursuant to the Loan Agreement.

**"Property"** shall mean the real property located at 1600 West Memory Lane, Santa Ana, California, described in the Agency Loan Deed of Trust.

**"Refinancing"** shall mean changing the then existing financing on the Property by, without limitation, modifying the interest rate and/or the term of the existing Senior Loan, increasing or reducing the amount of the existing Senior Loan, paying off the existing Senior Loan and obtaining a new Senior Loan.

**"Refinancing Proceeds"** shall be disbursed as set forth in Section 7 hereof.

**"Residual Receipts"** shall mean the Gross Revenues from the Property for each year, less deductions for Operating Expenses applicable to each such year less [Items 1-7 on Exhibit A-4] of the Partnership Agreement, to the extent not already deducted as an Operating Expense.

**"Sale"** shall mean any transfer, assignment, conveyance or lease (other than to a tenant for occupancy) of the Property or any portion thereof, or any interest therein by the Borrower, and includes, except as permitted under Section 16.2.2 of the Loan Agreement, any transfer, assignment or sale of any partnership interest in the Borrower by an individual or entity which is a general or limited partner in the Borrower, or any interest by any individual or entity which holds an interest in any such general or limited partner in the Borrower, which brings the cumulative total of all such direct and indirect transfers, assignments and sales during the term of this Note to more than thirty-five percent (35%) of the ownership interests in the Borrower, and any such transfer, assignment or sale of a direct or indirect partnership interest thereafter. Sale includes a sale in condemnation or under threat thereof. Sale does not include dedications and grants of easements to public and private utility companies of the kind customary in real estate development.

**"Sale Proceeds"** shall mean the proceeds received by Borrower in connection with any Sale.

“Senior Loan” shall mean the senior loan being made by JPMorgan Chase Bank, N.A., concurrent to the Agency Loan for payment of a portion of the Construction costs incurred by Vista Del Rio relating to the Project, as approved by the Executive Director, and shall include any subsequent loan that refinances the initial Senior Loan.

“Term” shall mean the term for repayment of this Note, which shall commence on the date of this Note and end on the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants is recorded against the Property (“Maturity Date”).

**3. Loan Repayment.**

Borrower shall make payments to the Successor Agency as provided in Sections 5 (Residual Receipts), 7 (Refinancing Proceeds), 8 (Sale Proceeds) and 10 (Accelerated Loan Repayment).

**4. Reserved.**

**5. Annual Loan Repayment.**

a. Borrower shall make a loan payment to the Successor Agency annually, in the amount of the lesser of the outstanding balance due under this Note or the Agency’s Percentage of Residual Receipts, as provided in this Section 5.

b. Within one hundred twenty (120) days after the close of the initial Calendar Year following the year the Project is placed-in-service and on or before the 120th day of each Calendar Year thereafter, the Borrower shall submit to the Successor Agency audited financial statements, including a detailed statement of Gross Revenues and Operating Expenses attributable to the Property for the applicable Calendar Year, along with a computation of the amount of the Residual Receipts applicable to such Calendar Year with which to make a Agency Loan payment then due.

c. The Borrower shall pay to the Successor Agency seventy-five percent (75%) of the Residual Receipts (“Agency’s Percentage of Residual Receipts”) as payment of principal and interest under the Agency Loan. The remaining twenty five percent (25%) of the Residual Receipts shall remain with the Borrower. Pursuant to the Loan Agreement, the Borrower has also received a loan of HOME Program funds from the City in the original principal amount of \$1,500,000 (“City/HOME Loan”). The Agency’s Percentage of Residual Receipts for each year shall be applied to repay the amounts owing under this Note and the amounts owing under the City/HOME Loan, as follows: 76% of the Agency’s Percentage of Residual Receipts will be applied to repay the City/HOME Loan and 24% of the Agency’s Percentage of Residual Receipts will be applied to repay amounts owing under this Note. Upon repayment in full of all amounts owing under the City/HOME Loan, the entire Agency’s Percentage of Residual Receipts shall be allocated to repayment of the amounts owing hereunder in accordance with Section 13.a. hereof.

d. The Residual Receipts payment shall be made not later than one hundred fifty (150) days after the close of the Calendar Year.

**6. Reserved.**

**7. Loan Repayment from Refinancing Proceeds.**

The Borrower shall make a loan payment to the Successor Agency from every Refinancing that occurs during the term of this Note not to exceed the outstanding balance of principal and interest on this Note, to the extent of the Agency's Percentage of the Refinancing Proceeds (if any), as follows: the cash proceeds from such Refinancing shall be applied first to pay Closing Costs; next, the amount necessary to pay in full the balance remaining on the Senior Loan; next, the Borrower shall pay to the Successor Agency fifty percent (50%) of the Refinancing Proceeds ("Agency's Percentage of the Refinancing Proceeds") to the extent of the outstanding balance on this Note. The remaining Refinancing proceeds shall remain with Borrower. Such payment shall be due on the date of such Refinancing, and shall be applied first to any accrued but unpaid interest, then to reduce the principal balance of the Agency Loan. The Successor Agency shall not be required to reconvey the lien of the Agency Loan Deed of Trust if Refinancing Proceeds are insufficient to repay the Agency Loan in full. While any amounts owing under the City/HOME Loan remain unpaid, the Agency's Percentage of the Refinancing Proceeds shall be allocated between repayment of this Note and the City/HOME Loan Note in the same manner as the Agency's Percentage of Residual Receipts as described in Section 5.c.

**8. Loan Repayment from Sale Proceeds.**

The Borrower shall make a loan payment, not to exceed the outstanding balance of principal and interest on this Note, to the Successor Agency from any Sale that occurs during the term of the Agency Loan, to the extent of the Agency's Percentage of the Sale Proceeds, as follows: gross sale proceeds are applied first to pay Closing Costs, next to pay in full the balance remaining on the Senior Loan; next the Borrower shall pay to the Successor Agency fifty percent (50%) of the total Sale Proceeds ("Agency's Percentage of the Sale Proceeds"), not to exceed the outstanding amount of principal and interest due on this Note. This fifty percent (50%) represents the total payment due under this Note with respect to the applicable Sale. The remaining Sale Proceeds shall remain with Borrower. Such payment shall be due on the date of such Sale, and shall be applied first to any accrued but unpaid interest, then to reduce the principal balance of the Agency Loan. The Successor Agency shall not be required to reconvey the lien of the Agency Loan Deed of Trust if Sale Proceeds are insufficient to repay the Agency Loan in full. While any amounts owing under the City/HOME Loan remain unpaid, the Agency's Percentage of the Sale Proceeds shall be allocated between repayment of this Note and the City/HOME Loan Note in the same manner as the Agency's Percentage of Residual Receipts as described in Section 5.c.

**9. Buy Out Option.**

In the event that there is a decision to sell the Property, the Goodwill Special Limited Partner of Borrower shall be given the first right of refusal or the General Partner may exercise the purchase option pursuant to the Borrower's Partnership Agreement (and any amendments thereto). If neither of these options or the right of first refusal are exercised by the Goodwill Special Limited Partner or the General Partner of Borrower, then the Successor Agency shall have a fourth right of refusal, after the City and the Managing General Partner of Borrower, subject to the terms and conditions of Section 42(i)(7) of the Internal Revenue Code. Such provisions shall be included in the Partnership Agreement.

**10. Accelerated Loan Payment.**

The full principal amount outstanding plus accrued but unpaid interest thereon, shall be due and payable on the earlier to occur of the following:

- a. Sale or Refinancing of the Property as provided further in Section 15 hereof; unless:  
(i) in the case of a Sale in which the Sale Proceeds are insufficient to repay in full the Agency Loan, the Successor Agency approves such sale and the purchaser assumes the balance of the Agency Loan in accordance with the terms of this Note; or (ii) in the case of a Refinancing in which the Refinancing Proceeds are insufficient to repay in full the Agency Loan, the Successor Agency approves such Refinancing and the Borrower remains obligated pursuant to the terms of this Note;
- b. In event of default pursuant to any of the Loan Documents or the Senior Loan Documents;
- c. Any default by Borrower as to any other loan or loans by Successor Agency to Borrower with respect to the Property; or
- d. On the Maturity Date, the Successor Agency agrees to review the performance of the Property and consider in good faith any reasonable request by Borrower to modify the terms of this Note or extend the Term of this Note.

**11. Prepayment.**

Borrower may prepay the outstanding principal balance under this Note, in whole or in part, together with any accrued but unpaid interest, if any, and other sums owed to the Successor Agency under this Note, if any, at any time without penalty.

**12. Lawful Money.**

All payments hereunder shall be made in lawful money of the United States of America.

**13. Application of Payments; Late Charges.**

a. Any payments received by the Successor Agency pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the Successor Agency pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.

b. If any payment is not received by the Successor Agency within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Successor Agency pursuant to this Note and the other Loan Documents, (i) a late charge of four percent (4%) of the amount due and unpaid will be added to the delinquent amount to compensate the Successor Agency for the expense of handling the delinquency and (ii) the amount due and unpaid, excluding the late charge, shall bear interest at the highest annual rate which may lawfully be charged and collected under applicable law on the obligation evidenced by this Note, computed from the date on which the amount was due and payable until paid. Without prejudice to the rights of the Successor Agency hereunder or under any of the other Loan Documents, Borrower shall indemnify the Successor Agency against, and shall pay the Successor Agency on demand, any expense or loss which it may sustain or incur as a result of the failure by Borrower to pay when due any installment of interest and/or principal, fees, or other amounts payable to the Successor Agency under this Note or any other Loan Document, to the extent that any such expense or loss is not recovered pursuant to such

foregoing provisions. A certificate of the Successor Agency setting forth the basis for the determination of the amounts necessary to indemnify the Successor Agency in respect of such expenses or direct loss, submitted to Borrower by the Successor Agency, shall be conclusive and binding for all purposes except as immediately corrected by Borrower notice to Successor Agency.

**14. Security**

This Note is secured by the Agency Loan Deed of Trust.

**15. Acceleration by Reason of Transfer or Financing.**

a. In order to induce Successor Agency to make the loan evidenced hereby, Borrower agrees that in the event of any Transfer (defined in Section 16.2 of the Loan Agreement) of the Property without the prior written consent of Successor Agency (other than a Transfer resulting from a foreclosure by, or conveyance by deed in lieu of foreclosure to, by the holder of the Senior Loan Deed of Trust), Successor Agency shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Successor Agency may grant or deny such consent in its sole discretion and, if consent should be given, any such Transfer shall be subject to this Section 15, and any such Transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Borrower from any liability thereunder without the prior written consent of Successor Agency.

b. In the event of any Refinancing or partial Refinancing in an amount in excess of the balance of the Senior Loan, without the prior written consent of Successor Agency (which consent Successor Agency may grant or deny in its sole discretion), then the entire outstanding balance of the Agency Loan together with all accrued and unpaid interest, shall be repaid to the Successor Agency at the time of each Refinancing or partial Refinancing.

c. Notwithstanding anything to the contrary contained herein, a "Transfer" shall not include a Permitted Transfer as set forth in Section 16.2.2 of the Loan Agreement.

**16. Event of Default.**

Subject to the provisions of Sections 23 and 25 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default") hereunder: (a) failure by Borrower to make any payments provided for herein, if such default is not cured within fifteen (15) calendar days of the due date; (b) failure by Borrower to perform any covenant or agreement in the Deed of Trust, the Agreement, or the Affordability Restrictions within thirty (30) days after written demand therefor by Successor Agency (or, in the event that more than thirty (30) days is reasonably required to cure such default, should Borrower fail to promptly commence such cure, and diligently and continuously prosecute same to completion); or (c) a default under the Senior Loan Deed of Trust that remains uncured after the cure period, if any, provided therein.

**17. Remedies.**

Upon the occurrence of an Event of Default, after any applicable notice has been provided and the expiration of any applicable cure period therefore, Successor Agency may declare all sums

evidenced hereby immediately due and payable by delivery to the Trustee named in the Agency Loan Deed of Trust securing this Note, and to Borrower, written declaration of default and demand for sale, and written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record and Successor Agency may foreclose on the Agency Loan Deed of Trust. Successor Agency shall also deposit with Trustee the Agency Loan Deed of Trust, this Note and all documents evidencing expenditures secured thereby and evidenced hereby. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal together with all accrued interest shall bear interest at the Bank of America reference rate on the due date of the delinquent payment plus four percent (4%). No delay or omission on the part of the Successor Agency in exercising any right under this Note or under any of the other Loan Documents shall operate as a waiver of such right.

**18. Attorneys' Fees.**

If this Agency Loan Note is not paid when due or if any Event of Default occurs, Borrower promises to pay all costs of enforcement and collection, including but not limited to, reasonable attorneys' fees and expert witness fees, whether or not any action or proceeding is brought to enforce the provisions hereof.

**19. Severability.**

Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction, to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

**20. Number and Gender.**

In this Note the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.

**21. Non-recourse.**

The Agency Loan is a nonrecourse obligation of the Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of the Agency Loan or for any other amounts under any of the documentation evidencing, securing or describing the Agency Loan. The sole recourse of Successor Agency under this Note and the Agency Loan Deed of Trust for repayment of the Agency Loan and for such other amounts arising therefrom shall be the exercise of its rights against the Property and related security thereunder.

**22. Subordination.**

a. It is hereby expressly agreed and acknowledged by Borrower and Successor Agency that the Agency Loan Deed of Trust is a subordinate deed of trust, and that this Note is subject and subordinate to the Senior Loan Deeds of Trust held by the Senior Lender, subject to and provided that the Successor Agency and such Senior Lender enter into a subordination agreement providing notice and cure rights to Successor Agency that are reasonably acceptable to the Executive Director and consistent with the requirements of Section 20 of the Affordability Restrictions.



b. Successor Agency acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Agency Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Successor Agency agrees to subordinate the provisions of this Note to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the project to be constructed on the Property, absent which the development of the Project would not occur, and this Agency Loan would not be made.

**23. Notice of Default.**

a. Subject to the applicable cure periods set forth in Section 16 and extensions of time set forth in Section 25, and subject to the further provisions of this Section 23, failure or delay by the Borrower to perform any term or provision of this Note constitutes a default under this Note. The Borrower must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy-with reasonable diligence and during any period of curing shall not be in default.

b. The Successor Agency shall give written notice of default to the Borrower and Borrower's limited partner specifying the default complained of by the Successor Agency. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

c. Except in the case of a monetary event of default, the Borrower shall not be in default so long as it endeavors to complete such cure, correction or remedy with reasonable diligence, provided such cure, correction or remedy is completed within the applicable time period set forth herein after receipt of written notice (or such additional time as may be deemed by the Successor Agency to be reasonably necessary to correct the default).

d. Any failures or delays by the Successor Agency in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Successor Agency in asserting any of its rights and remedies shall not deprive the Successor Agency 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.

e. If a monetary event of default occurs under the terms of this Note or the Agency Loan Deed of Trust, prior to exercising any remedies thereunder Successor Agency shall give Borrower and Borrower's limited partner written notice of such default.

f. If a non-monetary event of default occurs under the terms of this Note or the Agency Loan Deed of Trust, prior to exercising any remedies thereunder, Successor Agency shall give Borrower and Borrower's limited partner notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by the Successor Agency under this Note and the Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Successor Agency. In no event shall Successor Agency be precluded from exercising remedies if its security becomes or is about to

become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

Notwithstanding anything to the contrary contained in this Note, the Successor Agency hereby agrees that any cure of any default made or tendered by the Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower under the terms of this Note shall also be sent to the Limited Partner at an address to be provided in writing to the Successor Agency by the Limited Partner.

**24. Insurance and Condemnation.**

In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Agency Loan in balance and rebuild the Project in a manner that provides adequate security to Successor Agency for repayment of the Agency Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Successor Agency shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under this Note or the Deed of Trust. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Agency Loan in a manner that provides adequate security for repayment of the remaining balance of the Agency Loan.

**25. Force Majeure.**

Notwithstanding specific provisions of this Note, performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God or other deities; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the Successor Agency or any other public or governmental Successor Agency or entity (except that any act or failure to act of Successor Agency shall not excuse performance by Successor Agency); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time the party claiming such extension gives notice to the other party, provided notice by the party claiming such extension is given within thirty (30) days after the commencement of the cause. Times of performance under this Note may also be extended in writing by the Successor Agency and the Borrower.

**26. Assignments.**

The Successor Agency, and any assignee of the Successor Agency, shall have the right to assign this Note and the Deed of Trust securing this Note, without any further act of Borrower. The assignee shall give notice to Borrower as soon as practicable after such assignment.

**27. City and Authority Right to Enforce.**

The City and the Housing Authority of the City of Santa Ana are each intended third party beneficiaries of Successor Agency's rights under this Note, with full rights (but no obligation) to enforce all of Borrower's obligations hereunder.

*{Signatures on following page}*

This Agency Loan Note is hereby entered into as of the date first stated hereinabove.

**VISTA DEL RIO HOUSING PARTNERS LP,**  
a California limited partnership

By: A Community of Friends,  
a California nonprofit public benefit corporation  
Its: Managing General Partner

By: \_\_\_\_\_

Dora Leong Gallo

Its: Chief Executive Officer

By: Foundation for Affordable Housing V, Inc.  
a California nonprofit public benefit corporation  
Its: Administrative General Partner

By: \_\_\_\_\_

Deborah A. Willard

Its: President

**EXHIBIT G**

**SCOPE OF WORK/BUDGET**

**EXHIBIT H**  
**MARKETING PLAN**

## MANAGEMENT PLAN

Property Name: Vista del Rio  
Owners: Vista del Rio Housing Partners LP  
Property Location: 1600 W. Memory Lane, Santa Ana, CA 92706

### Table of Contents

Project Description	2
Statement of Owners Goals and Responsibilities	2
Statement of Agent's Management Policy	4
I. Management	4
A. Terms with Management Agent	4
B. Role and Responsibility of Management Agent	5
C. Expiration or Termination	7
D. Personnel Policy and Staffing Arrangements	7
E. Accounting Records	10
F. Procurement of Contracts	14
G. Insurance	14
II. Occupancy	14
A. Sustaining Occupancy (tenant selection, outreach, marketing, lease-up)	14
- <i>Tenant Selection Plan (pages 17-26)</i>	17
B. Determining Tenant Eligibility and Annual Certifications	27
C. Tenant Orientation, Community Building and Tenant Engagement	28
III. Operations	32
A. Rent Collection Policies and Procedures	32
B. Eviction Policy and Eviction Prevention	32
C. Confidentiality	35
D. Communication between Property Management and Services	36
E. Utility Rate Assistance Programs	37
F. Reasonable Accommodations & Modification Requests	38
G. Incident Reports	38
H. Security	38
IV. Green Operations and Maintenance	39
A. On-Going Maintenance	40
B. Preventive Maintenance	40
C. General Repairs	40
D. Emergency Repairs & Graffiti	41
E. Schedule of Useful Life and Replacement Needs	41
F. Recycling	41

## MANAGEMENT PLAN

Property Name: Vista del Rio  
Property Location: 1600 W. Memory Lane, Santa Ana, CA 92706

This Management Plan is developed and effective as of November 1, 2011 for Vista del Rio in Santa Ana, California.

### **Project Description**

**Vista del Rio** is a 41 unit multi-family housing complex located in the City of Santa Ana, California. The target population is very low income, physically or developmentally disabled adults earning less than or equal to 30-50% AMI. In eight (8) units, the rents will be subsidized by the Housing Authority of the City of Santa Ana through the Section 8 program. Tenants in subsidized units will pay 30% of their gross household income as rent. The households in the remaining units will pay 30-50% AMI rents. The property will feature a furnished community room, office spaces for property management and social services staff, laundry facilities, additional storage space for each unit and outdoor common area. Units will be furnished with internet and cable access.

The owner is a limited partnership with A Community of Friends (ACOF) as Managing General Partner, Foundation for Affordable Housing (FFAH) as Administrative General Partner, Goodwill Industries of Orange County (Goodwill) as Special Limited Partner, AMCAL Multi-family as Special Limited Partner, and Enterprise Community Investment Inc. as Limited Partner. ACOF is also the developer of the project and as the Managing General Partner will oversee the third party property management company. Goodwill will provide services to tenants in the building.

### **Statement of Owner's Goals and Management Philosophy**

As the managing general partner, ACOF will provide asset management services to Vista del Rio Housing Partners L.P. and Goodwill will serve as service provider. ACOF will hire John Stewart Company, a third party property management company, who will operate and maintain the Property. JSCO will work hand-in-hand with ACOF's Asset Management Department to coordinate the intake/lease-up, preparation of monthly reports, rent collection, the processing of evictions and prepare income certifications and lender reports. ACOF's Asset Management staff and Residential Services Supervisor will visit Vista del Rio at least twice a month to meet with the site staff. Regular meetings and site visits will prevent the escalating of tenant issues and will allow for expeditious resolution of existing problems. ACOF also conducts bi-monthly staff trainings that involve asset management, property management and residential services staff. These trainings are focused on inculcating ACOF's mission and operational philosophy, team building, skills improvement, bi-departmental (residential services and property management) collaboration, and specific workshops aimed at improving service provision to the people with special needs that ACOF serves. These trainings are also an opportunity for corporate staff to hear what works and



what needs fine-tuning directly from site operations. ACOF has maintained this successful approach to development, property management, and asset management in all of its existing properties; thus enabling fulfillment of ACOF objectives:

- To assist tenants in maintaining housing;
- To assist tenants in improving skills and income;
- To encourage tenant self-sufficiency;
- To ensure that our properties meet or exceed development pro-forma expectations;
- To ensure that all properties are managed in such a way that they meet all reporting and regulatory requirements;
- To ensure the preservation of ACOF's affordable housing stock;
- To ensure that each property maintains physical and fiscal integrity;
- To ensure that ACOF buildings and tenants are an asset to the neighborhood and community;

Routine Property Management Services: The management company (JSCO) is responsible for preparing monthly reports, administrating rent collection, coordinating lease-up with ACOF, processing evictions, preparing annual income certifications and investor reports. A property management staff will work and live on-site. Some of his/her responsibilities will be: to collect rents, address all tenant complaints, take all requests for maintenance, handle emergency situations, qualify new applicants as well as other record keeping and reporting responsibilities.

External Reporting & Property Management Oversight: ACOF is directly responsible for all external reporting which includes direct oversight of the physical building as well as financial audits. JSCO is responsible for the day-to-day property management responsibilities, submitting weekly, monthly, quarterly and annual management reports to ACOF. These reports serve as management and monitoring tools for ensuring fiscal, physical and tenant eligibility as well as compliance in accordance with the loan and regulatory compliance documents that govern the subject property, and provide ready data so that ACOF fulfill it external reporting responsibilities.

ACOF has a hands-on approach to property management. Consequently property management is a shared responsibility between ACOF and the third party property management company. Thus, ACOF assures that the apartment community is being managed in manner that is consistent with ACOF's operating philosophy by instituting the following policies and procedures at all its sites:

- Compliance Matrix: Based on loan and regulatory agreements, ACOF Asset Management Department develops a one-page compliance matrix that acts as a handy tool for JSCO to use to monitor compliance.
- Site Specific Performance Standards: As part of the budgeting process, ACOF's Asset Management staff develops site-specific performance standards which are used to track actual vs. projected cash flow performance; compliance with loan documents and regulatory agreement; and progress with achieving corrective action.

- Weekly reports directly from the site staff: These reports ensure that ACOF's Asset Management Department has real time information about the operating conditions at the sites. Consequently ACOF can provide timely intervention and proactive oversight of site conditions and tenant relations.
- Site Visits: ACOF's Asset Management Department visits each property at least twice a month. This provides ACOF with a first hand understanding of site operations and tenant relations. It also provides the asset manager with an opportunity to provide direct support to property management staff. During these visits the asset manager will review new move-in files, conduct an inspection that includes all vacant units, meet with tenants, attend site staff meetings and monthly community meetings.

### **Statement of Agent's Management Policy**

The goal of the property management company is to ensure that the management plan, policies and procedures align with the ACOF's goals for the property. To that end, JSCO will ensure tenant satisfaction, and the long-term financial and physical well being of Vista del Rio through the provision of high quality tenant relationships and management services. This plan has been developed to set forth the relationship between ACOF and JSCO and to describe some of the policies, procedures and regulatory requirements to be observed in the management of the Vista del Rio. Additional information is delineated in the Management Agreement.

Specifically, this plan intends to outline a program of action to assure the following outcomes:

1. A well managed and properly maintained project.
2. A pleasant, healthy, and secure living environment for tenants.
3. A pleasant and cooperative relationship among and between tenants, JSCO's employees, residential services staff and members of the surrounding community.

Unless otherwise stated in the plan hereon, the term "Owner" will refer to ACOF, the Managing General Partner representing Vista del Rio Housing Partners L.P. as well as the main contact for site service provision. The term "Agent" will refer to The John Stewart Company, and the term "Property" will refer to Vista del Rio, the term "Services" will refer to Goodwill, the on-site service provider, the term "PM" shall refer to the on-site property manager and the term "RSC" shall refer to the on-site residential service coordinator.

## **1. MANAGEMENT**

### **A. Terms with Management Agent**

The initial contract (Management Agreement) between Owner and Agent will be for one (1) year and shall be automatically renewed for one year terms unless terminated by Owner or Agent.

## **B. Role and Responsibility of Management Agent**

The Agent shall operate and manage the Property in accordance with the provisions stated in the Management Agreement.

The Agent, based on previous experience with effective management practice, shall provide advice and recommendations to the Owner to establish general policies for the operation of Vista del Rio. Additionally, the Owner and the Agent will establish additional management policies, as needed. Such policies shall include, but are not limited to:

- a. The intake process which includes the affirmative marketing plan;
- b. The tenant selection criteria and wait list management;
- c. House rules;
- d. Evictions and eviction prevention policies,
- e. Security and emergency after hour services;
- f. Supportive services including substance abuse policy and services;
- g. Reasonable accommodation procedures;
- h. Confidentiality policy;
- i. Communications between Services and Property Management;
- j. Site-specific performance standards
- k. Maintenance including training of site staff and tenants in green education;  
and
- l. Tenant employment and volunteer activities.

Once the policies have been established by the Owner, the Owner shall delegate authority to the Agent to implement the policies. The Agent will, by means of periodic budgets, financial statements, and status reports, inform the Owner on the operation of the Property. In addition, the following procedures shall be followed to ensure effective day-to-day operations and cooperation between the Owner and Agent:

1. The Agent and Owner shall enter into a Management Agreement that will provide detailed responsibilities that the Agent and Owner will assume. The responsibilities shall be clearly assigned and described, and shall not overlap.
2. Agent shall operate and manage the Property in accordance with the provisions set forth in the Management Agreement. In its operation and management of the same, Agent shall generally and specifically in accordance with the terms of the Management Agreement, collect all income from its operation of the Property, and pay all expenses to the extent that income is available to do so.

3. Agent agrees to furnish its services and to operate and manage the Property in all instances under the supervision of Owner.
4. Agent shall operate and maintain the Property commensurate with standards required for similar properties in similar communities and markets and in strict accordance with (1) government regulations, (ii) tax credit compliance rules (iii) requirements of all funding sources (iv) Property restrictions and (v) the Management Plan for the applicable calendar year which includes property specific performance standards.
5. Day-to-day operations of the Property will be under the direct supervision of the Property Manager (PM) who will report to the Property Supervisor designated by the Agent.
6. A senior management person shall be the Agent's representative in reporting to the Owner.
7. The Owner shall appoint a key contact person or liaison to represent the Owner in regular communications with the Agent.
8. There will be regular meeting times between the Owner and the Agent for the purpose of reviewing policies, management procedures, tenant relations, and budget control. Owner and Agent will work jointly to establish any changes in the policies and procedures. Should it become necessary to alter these policies, the Agent will not do so without the prior approval and consent of the Owner.
9. To the extent practicable, Owner's concerns and suggestions shall generally be communicated to the Agent's senior management representative or Property Supervisor who shall issue instructions to the Property Manager.
10. Unless instructed otherwise in writing by tenant, a copy of all property management notices regarding lease or house rules violations will be sent to the RSC. This gives the RSC time to intervene and/or advocate on behalf of the tenant. Outside case managers will also be provided these documents unless otherwise instructed in writing by the tenant.
11. As described in the Management Agreement, the annual operating budget for the Property will be prepared by the Agent and approved by the Owner. In the event that items need to be purchased that either were not budgeted, or that would bring the Property over budget the Agent will promptly inform the Owner who will review and approve such additional purchases.

12. In the event that Agent must arrange for emergency repairs involving manifest danger to persons or Property or make payments required to avoid suspension of any necessary service to the Property, the Agent will inform the Owner of the facts as promptly as possible.

### **C. Expiration or Termination of Term**

In the event that the Owner or Agent terminate the Management Agreement the Agent shall vacate and relinquish control of the Property to Owner and transfer all the books and records in possession or control of Agent pertaining to the management and operation of the Property together with all other property or funds of Owner, provided that Agent shall have the right at its cost and expense to retain copies of said books and records. Agent shall have no obligation to keep or maintain any books or records of the Property or the operations thereof after the termination or expiration of the Agreement to the extent that such books and records have been delivered to Owners as hereinabove provided. Agent shall, upon the expiration or termination of the Agreement, also deliver to Owner all furniture, equipment supplies, brochures and advertising materials owned by the Owner or the Property used in the operation of the Property and a complete list of same, and all service contracts and agreements binding upon Owner or the Property. Said furniture shall include furniture used in the office of the Property, but may not include furniture which may be leased from third parties. Agent shall at any such termination or expiration, cooperate with Owner or any successor Agent in providing Owner or any successor Agent such information as it may reasonably require to operate the Property to provide for an orderly transition in the management of the Property.

### **D. Personal Policy and Staffing Arrangements**

Vista del Rio shall be assigned a PM that provides after hours coverage and resides on site, as well as an RSC and a dedicated maintenance staff person. In the event the PM does not reside on site, a key holder position will be placed at the property. The key holder will report to the PM and will be the lead for after business hours coverage and emergency response. In addition, Vista del Rio will be assigned a back-up PM. At ACOF buildings, property managers work in pairs to provide full experienced coverage to all of ACOF's properties. The back up system ensures cross training, that is, more than one PM is familiar with each buildings systems, operations and tenant population. It also addresses ACOF's special needs tenants' sensitivity to change and the unfamiliar. The back-up manager is required to collect rent and conduct community meetings once a quarter.

The property management company assigns a supervisor to each property manager. In ACOF's case, JSCO has assigned a dedicated supervisor who acts as liaison for ACOF thus providing ACOF with a supervisor who is well versed in

ACOF's operational philosophy and goals. A dedicated supervisor provides continuity for tenants and a consistent property management interface.

Agent shall (i) employ, discharge, supervise, and pay as expenditures a property manager, a key holder, and on-site maintenance personnel for the Property and (ii) independent maintenance personnel, all as-required for the efficient operation and maintenance of the Property in accordance with the Property requirements.

1. The anticipated staffing pattern will be as follows:

<u>Title/Position</u>	<u>Compensation</u>
Property Manager (PM)*	Per Approved Operating Budget
Key Holder**	Per Approved Operating Budget
Maintenance Personnel	Per Approved Operating Budget

\*A rental unit is part of the employee's compensation, and is counted in income and expense statements. The employee's unit is subject to local, state and federal tax regulations.

\*\*The Key Holder will report to the PM who will in turn report to the Property Supervisor, who reports to The John Stewart Company

Support staff in Agent's office, also involved in property management, includes clerical, accounting personnel whose responsibilities are to assist in administrative functions and in the preparation of financial reports, and compliance staff whose responsibilities includes ensuring that the qualified occupancy is maintained including initial intake and annual recertifications.

Specific responsibilities for all property personnel are detailed in the job descriptions which is part of the annual management plan package.

2. Anticipated Hiring Policies:
  - a. All hiring of Agent employees shall conform to Equal Employment Opportunity requirements. Agent shall not discriminate against any applicant for employment because of race, religion, color, ancestry, national origin, or age, sex, pregnancy, marital status, disability, sexual orientation or AIDS. It is JSCO's goal to have the ethnic composition of the on-site staff reflect the ethnic composition of the development and surrounding community.
  - b. Special efforts will be made to provide information regarding job openings to minority candidates and contractors through outreach to community organizations, bulletin boards, newspapers and other

communication media. Job announcements will also be posted at the Property.

- c. Hiring Tenants: Due to concerns about confidentiality, Vista del Rio tenants will not be hired for employment at the Property. Vista del Rio tenants interested in working with JSCO or responding to a job listing will be interviewed and considered for positions in other properties in the Agent and/or Owner's portfolio.
  - d. All hiring materials will indicate that The John Stewart Company is an "Equal Opportunity Employer."
3. The Owner requires Agent to hire personnel with previous experience in their particular field. In addition, persons with a social service background and/or experience working with people with physical and/or developmental disabilities will be actively recruited. Nevertheless, all personnel will receive training specific on JSCO's policies, procedures and property management software and data input. This training will include specialized training regarding compliance with all regulatory restrictions that govern the property including TCAC, HOME, AHP and housing authority policies and will consist of the following:
- a. One-on-one supervision by the Property Supervisor of the Property.
  - b. Written guidelines, manuals, and materials.
  - c. Periodic attendance at special training workshops sponsored by various property management associations for the purpose of updating and renewing work-related skills such as Affirmative Marketing, ADA, Fair Housing, Maintenance and Compliance. Fair Housing, ADA, Reasonable Accommodations and Affirmative Marketing training will occur once a year and each participant will receive a certificate of attendance.
  - d. Mandatory attendance at Owner sponsored bi-monthly trainings aimed at focusing on the integration between services and property management and educating the Agent and site staff about the particular needs and concerns of the special needs population.
4. As indicated in the Management Agreement, all on-site personnel shall be employees of the Agent. However, compensation payable to on-site staff and all taxes and assessments incident to the employment of such personnel will be treated as a Property expense and paid out of the Vista del Rio' general operating account.

5. Owner shall interview and approve any PM and site staff assigned to the Property.
6. Employment grievances, termination of employment, and promotions shall be conducted according to the Agent's personnel policies and procedures, which conform to equal opportunity and affirmative action goals and requirements. Agent shall also consult with Owner prior to terminating the employment of any onsite employee.

**E. Plan for maintaining adequate accounting records and handling necessary forms and vouchers.**

1. Agent agrees to keep accurate, complete and separate books and records of accounts in accordance with accepted accounting standards and procedures on the basis of a calendar year. Financial accounting, reports and records shall be in conformance with modified accrual basis accounting procedures, and responsible to the guidelines provided by the regulatory agencies connected with the Property.

Accordingly, the Agent will maintain accurate files of all tenant transactions, revenue, and expenditures and prepare for the following monthly reports for the Owner's review and send it to the Owner no later than the fifteenth (15<sup>th</sup>) day of the following month. The reports include Balance Sheet, Detailed General Ledger, Check Register, Aged Accounts Payables, Aged Receivable Report, Bank Statements, Bank Reconciliation, Monthly Report for establishing Net Income, Rent Roll, Vacancy Report and any other additional Reports as requested by Owner and other regulatory agencies.

2. Bills will be paid and accounts will be funded pursuant to the requirements of the Property's Regulatory Agreement. Specifically:
  - a. A purchase order system will be utilized to document all Property expenses with the exception of items and services provided on a regular contractual basis (utilities, trash removal, service contracts, etc.)
  - b. All purchases shall be pre-approved by the Agent's Property Supervisor.
  - c. Invoices will be matched with outstanding purchase orders by the PM, reviewed for accuracy by the Property Supervisor, and then vouchered for payment by the Agent's central office accounting staff. Checks will be processed at least semi-monthly for payment of any payables on hand.



- d. The following separate accounts shall be established:
  - 1) Vista del Rio Housing Partners L.P., General Operating Account into which rental and other miscellaneous income will be deposited and from which the Property's operating expenses will be paid.
  - 2) Vista del Rio Housing Partners L.P., Replacement Reserve Account to be funded through regular contributions from the operating account, based on a capital improvements schedule of anticipated useful life; and replacement needs for major items all in accordance with the Regulatory Agreement, mortgages and Partnership Agreement as defined in the Management Agreement;
  - 3) Vista del Rio Housing Partners L.P., Operating Reserve Account to be funded through regular contributions from the operating account in accordance with the Limited Partnership Agreement, the Regulatory Agreement and mortgages.
  - 4) Vista del Rio Housing Partners L.P., Security Deposit Account to be funded by tenants' security deposits. Policies and procedures for administering this account are noted in Section I(E)(6) below;
  - 5) Any other accounts required by Regulatory Agencies.
3. All Property financial records will be audited annually by an independent CPA firm.
  - a. The Agent maintains a computerized General Ledger program, which shall be continually updated to meet the accounting and reporting needs of the Property and to produce a quality audit trail.
  - b. Careful monthly monitoring shall allow for cost control, prompt identification of potential problems and sufficient lead-time to develop plans to meet Property needs.
  - c. Major budget variances shall be reviewed by the Agent with the Owner and appropriate actions shall be taken to ensure that monthly cash flow is sufficient to meet the Property's operating expenses and deposits to the reserve accounts noted above.

- d. Purchasing and procurement of contract services are delineated in the Management Agreement. Additionally, expenses over One thousand, five hundred dollars (\$1,500.00) require the Owner's specific approval, except for emergency repairs where the Agent will communicate with the Owner as soon as possible. Purchase contracts in excess of One Thousand Five Hundred Dollars (\$1,500.00) must be put out for bid.
4. In order to ensure strict compliance with all regulatory restrictions herein, the Agent will systematically review all pertinent regulatory agreements and establish a manual of instructions, schedules and tickler files indicating relevant deadlines, reporting formats, etc. This manual will be distributed to all bookkeeping and accounting personnel on Agent staff, and to any accounting firms hired to provide audits and/or other reports for the Property.
5. The Agent shall prepare, as part of the monthly reports to the Owner, an income/expense statement showing scheduled and actual rents, and a list of tenant delinquencies. Delinquency reports shall indicate whether tenants are thirty (30), sixty (60), or ninety (90) days behind on their rent.
6. Security Deposits
  - a. Agent shall collect a security deposit from each tenant. The deposit shall be equal to one month's rent unless otherwise restricted by any regulatory body including the rental subsidy provider that governs the management of the Property or the Owner.
  - b. Tenants shall be required to make a refundable security deposit in accordance with the terms of their leases and applicable state and local laws. Their security deposits shall be held in a separate interest bearing trust account with a depository insured by an agency of the federal government or a comparable federal deposit insurance program. The balance of this account shall at all times be equal to or exceed the aggregate of all outstanding deposits.
  - c. The PM will notify the RSC or the referring agency if he/she becomes aware that applicants do not have the resources to make the security deposit. The PM may consider a payment plan backed by a service agency, after consultation with the applicant and the RSC.
  - d. When a unit is vacated, the Agent will perform a move-out inspection to determine any damages to be corrected or cleaning necessary over and above normal wear and tear, which shall be

charged against the security deposit. Since the inspection is a useful tool for letting the tenant know the best condition to leave the unit in order to maximize the amount of security deposit that will be refunded, the tenant will be encouraged but will not be required to participate in this inspection. If applicable, the RSC will also be asked to join the inspection and/or to assist the tenant with move-out preparations. The move-out inspection form will be compared to the move-in inspection form to determine the extent of tenant-caused damages.

- e. Within 21 days from the day of the move-out inspection, a security deposit refund will be completed in accordance with applicable estate and federal laws, indicating:
  - 1) Security deposit on hand
  - 2) Amount of interest earned, if applicable
  - 3) Amount of past due rent or unpaid charges as of the date of the move-out.
  - 4) Amount of damage and/or cleaning charges. An itemized list of work and actual costs will be attached to the forms for repair, cleaning or replacement of items above the normal wear and tear based on the Property's useful life schedule.

The balance of the security deposit and interest after deductions for outstanding rent, charges, cleaning and damages will be refunded to the tenant with the move-out inspection form and itemization of costs.

- f. As part of the tenant orientation interviews, tenants shall receive an explanation of the use of security deposits, and shall sign a security deposit agreement.

## 7. Other Reports

The Agent shall comply with all reporting requirements defined in any regulatory agreements or Partnership Agreements.

The Agent shall comply with the regulations of the California Tax Credit Allocation Committee for annual and other reporting as required for compliance under Section 42 of the Internal Revenue Code.

## 8. Year-End Audited Financial Statement

Agent shall work with the Owner's independent third party auditor to insure that the audited financial statement and tax returns are prepared in

an accurate and timely fashion. The audited financial statement and the tax return are due no later than 75 days after the close of each fiscal year.

9. Agent shall submit to Owner an annual operating budget ninety (90) days prior to the close of each fiscal year.

#### **F. Procurement of Contract Services**

1. At least three competitive bids must be obtained for contracts over \$1,500 such as landscape maintenance and services related to periodic capital improvements (exterior painting, roofing, etc.). This three bid requirement may be amended in order to comply with regulatory requirements of lenders and funders.
2. The Agent shall prepare bid specifications and supervise the bid proposals and acceptance procedures. In the event that items need to be purchased that either were not budgeted, or that would bring the Property over budget, the Agent will promptly inform the Owner, who will review and approve such additional purchases.

#### **G. Insurance**

The Owner ensures that the Property is covered by insurance as specified in the regulatory agreements that govern the management of the Property. Insurance coverage is reviewed and renewed annually. All insurance policies and renewals thereof shall be issued by a carrier and in an industry acceptable form. Property insurance policies shall name the Owner as a named insured for general liability insurance and a loss payee for the property insurance. The John Stewart Company, the Santa Ana Redevelopment Agency, the City of Santa Ana, the Housing Authority of the City of Santa Ana and any other companies or public agencies that require so shall be listed as additional loss payee.

Per the Management Agreement the Agent shall promptly investigate and make a full written report of all damage or destruction to the Property in excess of \$500 and all accidents or claims for damages relating to the ownership, operation or maintenance of the Property. The report shall include the estimate cost of repair, if applicable. Agent shall also cooperate with and make any reports or satisfy any other requirements of the insurance policy or policies covering a loss or claim. Owner reserves the right to pre-approve any claims made against the insurance for such incidents.

## **II. OCCUPANCY**

### **A. Plan for Sustaining Occupancy**

Vacancy rate at Vista del Rio should average no more than 3%. The property should have three (3) pre-approved applicants per unit type and ten (10) other applicants per unit type on the referral list. Units are marketed in accordance with Affirmative Fair Housing marketing guidelines, and the tenant selection criteria indicated below. Each tenant is assigned a Residential Service Coordinator (RSC) who acts as an advocate for the tenant and provides proactive support.

Tenant referrals will come from the following agencies: Goodwill Industries of Orange County, the Regional Center of Orange County, Project Independence, OCARC, Elwyn and Vocational Visions. In addition ACOF staff will meet with social service agencies and interested groups to increase referrals and facilitate the application process.

## **B. The Referral Process**

The referral process begins with the completion of ACOF's Housing Intake form. The form should be completed by the applicant's referring case manager or licensed practitioner. Each form must be accompanied by a completed Release of Information form signed by the applicant authoring the release of and sharing of information including Protected Health Information (PHI) Release form. The release allows all participating agencies in the development and operations of the Project to share information including, but not limited to ACOF, Goodwill, JSCO, City of Santa Ana, Santa Ana Redevelopment Agency and the Santa Ana Housing Authority. Upon receipt of the completed ACOF Housing Intake Form, Goodwill and JSCO will perform a preliminary review to determine whether based on the unverified information the applicant appears to meet the tenant eligibility criteria. Eight (8) units of this project are receiving Section 8 Project Based Assistance (PBA), therefore eight applicants approved by Goodwill and JSCO will be referred to the Housing Authority of the City of Santa Ana in order to determine eligibility to occupy a unit at Vista del Rio per the Section 8 requirements. The public housing authority will:

- Determine Section 8 Project Based Assistance Eligibility per HUD and local public housing authority regulations and policies.
  - Process all applicants through their internal criminal background check program, as required.
  - Applicants that do not meet the Housing Authority's eligibility criteria including those who have been evicted from a federally-assisted housing project will be denied.
1. All applicants will be initially interviewed by the PM or leasing representative of the managing agent
  2. It will be the responsibility of the Agent to inform the applicant in writing of rejection or approval

3. The Agent will notify applicants who are rejected, in writing, and the applicants will be informed of their option to appeal this decision. Upon approval of the applicant, the referring case manager will also be notified.

Applications will be stamped, dated as they are received, and then sorted for family size, income level and eligibility status.

Vista del Rio's Tenant Selection Criteria (TSC) fully describes the affirmative marketing and intake process and waitlist management, as noted below.

## TENANT SELECTION CRITERIA

**VISTA DEL RIO**  
1600 W. Memory Lane, Santa Ana, CA

### **Project Description**

**Vista del Rio** is a 41 unit multi-family housing complex located in the City of Santa Ana, California. The target population is very low income, physically or developmentally disabled adults earning less than or equal to 30-50% AMI. In eight (8) units, the rents will be subsidized by the Housing Authority of the City of Santa Ana through the Section 8 program. Tenants in subsidized units will pay 30% of their gross household income as rent. The households in the remaining units will pay 30-50% AMI rents. The property will feature a furnished community room, office spaces for property management and social services staff, laundry facilities, additional storage space for each unit and outdoor common area. Units will be furnished with internet and cable access.

The owner is a limited partnership with A Community of Friends (ACOF) as Managing General Partner, Foundation for Affordable Housing (FFAH) as Administrative General Partner, Goodwill Industries of Orange County (Goodwill) as Special Limited Partner, AMCAL Multi-family as Special Limited Partner, and Enterprise Community Investment Inc. as Limited Partner. ACOF is also the developer of the project and as the Managing General Partner will oversee the third party property management company. Goodwill will provide services to tenants in the building.

### **Policy on Non-Discrimination**

With respect to the treatment of applicants, the Management Agent will not discriminate against any individual or family because of race, color, national origin or ancestry, religion, sex (including gender identity), sexual orientation, age, handicap/disability, medical condition, source of income, marital status or familial status, or any other arbitrary basis. No criteria will be applied or information considered pertaining to an attribute of behavior that may be imputed by some to a particular group or category. All criteria shall be applied equitably and all information considered on an applicant shall be related solely to the attributes and behavior of individual members of the household as they may affect residency.

#### **I. Program Eligibility Requirements for Permanent Housing Units**

1. Occupancy is restricted to low income individuals with disabilities. Each unit must include a disabled adult diagnosed with a qualifying disability by a licensed practitioner in accordance with the U.S. Department of Housing and Urban Development (HUD) standards.
2. Full time student applicant households do not qualify, unless an applicant is receiving assistance under Title IV of the Social Security Act (AFDC, TANF, Cal Works – **NOT** SSA/SSI), enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program, is a single parent with a dependent child or children and neither the applicant nor his/her child(ren) are

dependents of another individual, is married filing a joint return or previously enrolled in the Foster Care Program (age 18-24 only)

3. All Applicants must be referred by a case manager or supportive service agency.
4. Goodwill, the designated service provider agency for Vista del Rio, is responsible for screening all supportive housing applicants for Program Eligibility. Goodwill will review applications to verify program eligibility. Goodwill will then refer all eligible applicants to the property manager, JSCO, for income verification and conduct appropriate background checks.

As for the eight (8) units that receive Section 8 Project Based Assistance (PBA), the SAHA will maintain their own wait list and send referrals to management to fill these units. Goodwill and Management will first ensure that applicants meet program eligibility and will then send pre-approved applicants to the Santa Ana Housing Authority in order to further determine eligibility to occupy a unit at Vista del Rio per the Section 8 requirements.

## **II. Program Eligibility for Subsidy.**

1. Section 8 Project-Based Voucher Program
  - i. Eight (8) units will be subsidized by the Section 8 program which is administered by the Santa Ana Housing Authority.
  - ii. The Housing Authority must verify citizenship or eligible immigration status. HAP benefits will be prorated based on the residency status of each household member.
  - iii. If required, applicants must provide a complete and accurate social security number and proof of age.
  - iv. The applicant's adjusted income must be less than the required AMI for the unit in question.
  - v. The applicant may not be a registered sex offender in any state.

The Housing Authority will deny applicants with:

- vi. violent felony convictions;
- vii. drug-related criminal activity within the last three years;
- viii. a history of illegal drug use;
- ix. child molestation and/or sexual misconduct convictions; or
- x. prior evictions from a federally-assisted housing project.

## **III. Occupancy, income and rent standards**

- 1) Units will be occupied in accordance with the following standards:

<u>UNIT SIZE</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>
------------------	----------------	----------------



0 Bedroom	1	2
1 Bedroom	1	3
2 Bedroom	2	5

- 2) Every household resident will be counted when determining unit size. This includes household members in the military or at school and anyone who will occupy the unit during the upcoming 12 months.
- 3) The head of household must be 18 years of age or older, unless he or she is an emancipated minor. All household members, age 18 years or over, and emancipated minors, must sign the appropriate consent forms and comply with the verification process.
- 4) Applicants must be able to maintain the housing unit in accordance with local health standards and Housing Authority standards, with or without assistance.
- 5) All applicants must have a valid Social Security Number and legal photo ID. Birth certificates and/or proof of guardianship will be required of dependant minors.
- 6) Background checks will be performed on all adults 18 years and older in the household; the same requirement will apply for live-in aides. Live-in aides must provide government issued photo ID. In addition, proposed live-in aides must provide a complete and accurate social security number or permit him/herself to be fingerprinted for purposes of running a background check. The live-in aide is subject to all the tenancy and lease provision of the subject household.
- 7) Personal care attendants will be given a separate bedroom.
- 8) The assigned unit must be the household's primary place of residence.
- 9) Total household income cannot exceed 30%-50% of area median income.
- 10) To meet program requirements, persons cannot pay more than 30% of their adjusted income as rent. Actual rent amount will be determined by the Housing Authority.

**AFFORDABLE UNITS**

# of Units	Unit Size	AMI %	Rent Determined by SAHA	Maximum Household Income
6	0	30%	\$424*	\$20,250; \$23,130
9	0	50%	\$722**	\$33,750; \$38,550
8	1	30%	30% OF INCOME OR \$444*	\$20,250; \$23,130; \$26,010
2	1	30%	\$444*	\$20,250; \$23,130; \$26,010
8	1	50%	\$764**	\$33,750; \$38,550; \$43,350
2	1	50%	\$764*	\$33,750; \$38,550; \$43,350
4	2	30%	30% OF INCOME	\$23,130; \$26,010; \$28,890; \$31,230

1	2	50%	30% OF INCOME	\$38,550; \$43,350; \$48,150; \$52,050
---	---	-----	---------------	---

*\*Approximate rental rates based upon 2012 current income limits published by California Health and Safety Code Sections 50052.5, 50053(b)(1), and 50053(b)(2) and current housing authority utility allowances. Rental rates subject to change.*

*\*\* Approximate rental rates based upon 2012 Department of Housing and Community Development and current housing authority utility allowances. Rental rates subject to change.*

*One two-bedroom unit will be reserved for the property manager.*

All applicants must meet certain underwriting guidelines. This Project is subject to the requirements of several funding sources. The above information reflects these requirements to the best of Owner's knowledge at this time but is subject to change if required for compliance with law, regulations or policy changes.

#### **IV. Application Process**

The application process begins with the completion of ACOF's Housing Intake form. The form should be completed by the applicant's referring case manager or licensed practitioner. The form must be accompanied by a completed Release of Information form signed by the applicant authoring the release of and sharing of information including Protected Health Information (PHI) Release form. The release allows all participating agencies to share the information including, but not limited to ACOF, JSCO, the City of Santa Ana, the Santa Ana Housing Authority, and Goodwill. Upon receipt of the completed ACOF Housing Intake Form, Goodwill and JSCO will perform a preliminary review to determine whether based on the unverified information the applicant appears to meet the tenant eligibility criteria. If the applicant does not appear to meet the tenant eligibility criteria, the tenant and/or the referring case manager will be sent a UTA (Unable to Accommodate). If the applicant appears to meet the eligibility criteria, the applicant will be sent a complete application package that includes the following:

1. Application for Admission
2. Section 8 Housing Assistance Application, if applicable
3. Certification of Homelessness
4. Certification of Residence in a Homeless facility
5. Certification of Disability

Completed application package should be submitted with a copy of personal identifying information such as a social security card and birth certificate, and documentation of income. Originals will be requested during the interview.

Goodwill will review applications to verify program eligibility. Goodwill will then refer all eligible applicants to the property manager, JSCO, for income verification and conduct appropriate background checks.

As for the eight (8) units that receive Section 8 Project Based Assistance (PBA), the SAHA will maintain their own wait list and send referrals to management to fill these units. Goodwill and Management will first ensure that applicants meet program eligibility and will then send pre-approved applicants to the Santa Ana Housing Authority in order

to further determine eligibility to occupy a unit at Vista del Rio per the Section 8 requirements.

## **V. Verification Process**

### **A. Financial**

1. All income will be verified in writing by the income source indicated on the income certification form.
2. All assets, including bank accounts, will be verified in writing.
3. Upon initial occupancy, tenant's income cannot exceed the area median for household size as published annually by the U.S. Department of Housing & Urban Development and the California Tax Credit Allocation Committee.
4. To protect the property from rent charge loss or delinquency, if an applicant's projected rent obligation will be more than 30% of his/her household's combined monthly income for rent, the applicant will not be accepted. Applicants approved for units subsidized by the Housing Authority are exempted from these criteria.
5. Third-party income verification will be required from all sources, including but not limited to:
  - a. Employment, Self Employment
  - b. Savings and checking
  - c. Pension
  - d. Disability
  - e. Asset verification, property, home, stocks, bonds, annuities, IRA, etc.
  - f. Government assistance, A.F.D.C., food stamps, etc.
  - g. Social Security
  - h. Child Support/Alimony
  - i. Non-Tuition Financial Aid
6. Credit checks, including landlord references, will be requested from all applicants.
7. Income calculations are based on the applicant household's annual gross (anticipated) income for the following 12 months. Annual gross income includes income from any and all assets.
8. Criminal record checks will be conducted on all adults in the qualified households who have satisfied the income requirements, credit report and tenancy requirements. This process will also apply for attendant care providers who will be occupying the unit. A criminal history or misdemeanor offense(s) could be grounds for denial.

At the request of an applicant, a reasonable accommodation request will be considered. In addition, with the approval of the applicant, the referring case manager will be given an opportunity to appeal any application denial based on

information obtained from criminal record checks. However, all applicants will have to demonstrate that they meet program requirements.

**B. History of Responsible Tenancy, Behavior and Conduct**

A credit report to verify housing history will be obtained on all applicants. Current landlord references will be obtained. Previous landlords during the past five years may also be contacted. Landlord references will help determine rental history including but not limited to non-payment of rent, repeated disruptive behavior, past destruction of property, and chronic late rent payments. A determination will be made regarding whether or not the applicant has demonstrated a record of conduct which could constitute a material violation of Vista del Rio's occupancy agreement provisions or applicable tenancy law. If such a record of violations is documented, that will be considered grounds for a determination of ineligibility.

If landlord references are not available, applicants will be asked to provide as much information as possible regarding where they have been living for the past three years. On a case by case basis, if sufficient landlord references are not available staff may require written references of social workers or others involved with the applicant in a professional capacity. Based upon these references, staff will decide if the applicant has demonstrated an ability and willingness to live peacefully with neighbors and refrain from behavior that jeopardizes the safety, security and peaceful enjoyment of the community. The level of support an applicant has, transitional living programs completed, and/or the appropriateness of an applicant's needs with the services offered will be considered.

**VI. Offer of Apartment / Waiting List**

Applicants will be offered only two apartments. Mitigating circumstances may be taken into account, such as an emergency situation or hospitalization. In such cases, if an applicant cannot accept an apartment during the initial lease-up of the building, the applicant would be placed on the waitlist in chronological order.

Applications will be stamped, dated as they are received, and then sorted for family size, income level and eligibility status. Tenants will be qualified under Section 8 guidelines, California Tax Credit Allocation Committee (TCAC) requirements and all other applicable regulatory agreements by the Property Manager. All qualification processing is subject to review and approval by ACOF.

JSCO's on-site staff will maintain one waiting list for the entire Project. Applicants will be placed in the order of their application date and time, with a notation of priority determination. Those who are not selected as a tenant will remain on the waiting list, and shall receive a letter informing them of their status with an estimate of when the next unit of the size and income designation they seek, based on previous turnover histories for similar housing projects, may be available.

A. Applicants will be added to a waiting list in chronological order.

B. In the event that the volume of applications received exceeds the number of available apartments and more than one applicant qualifies for the unit; the

application with the earliest date will be approved. The other will go to the top of the list until the next unit is available.

- C. When the next 30-day notice is received by management, it will be the responsibility of the Property Manager to notify the applicant at the top of the waiting list. If that applicant turns down the unit, the Property Manager will then proceed to the next person on the waiting list. With the permission of the applicant, the Property Manager will also notify the referring case manager.
- D. After receiving a notification letter, applicants will have ten days to respond to the Property Manager regarding the available apartments. If there is no response, a second notice will be mailed and the applicant will have an additional five days to notify management of his/her decision.
- E. If an applicant on the waiting list rejects two units offered to him/her, this action will be considered to be a withdrawal of the application by the applicant.

## **VII. General**

Many of the potential tenants of Vista del Rio are expected to be referred from Goodwill, the Regional Center of Orange County, Project Independence, OCARC, Elwyn and Vocational Visions. Goodwill and ACOF staff will meet with social service agencies and other interested groups to increase referrals and facilitate the application process.

- A. Goodwill will interview the applicants to ensure that the applicant meets the qualifications of the project.
- B. All applicants will be initially interviewed by a representative of the Agent.
- C. It will be the responsibility of the Agent to inform the applicant in writing of denial or approval.
- D. Agent will notify applicants who are denied, in writing, and the applicants will be informed of their option to appeal this decision. With the permission of the applicant, the referring case manager will also be notified.

## **VIII. Rejected Applications**

- A. Applications may be rejected for any of the following:
  - 1. Blatant disrespect, disruptive or anti-social behavior toward management, the Property, or other tenants exhibited by an applicant or family member any time prior to move-in (or demonstrable history of such behavior);
  - 2. A negative landlord or other reference, encompassing failure to comply with the lease, poor payment history, poor housekeeping habits (when house visits apply), substantial damage to the unit/building, or eviction for cause;
  - 3. Falsification of any information on the application;
  - 4. Household size that does not conform to the stated minimum and maximum sizes;
  - 5. Income exceeding the of area median based upon income limits established at the Property;

6. Full student applicant households as defined above will be rejected, unless they meet any of the exemptions. Full time status is determined by the subject educational institution.
7. No references from social workers or others involved with the applicant in a professional capacity are submitted, if required.
8. Arson conviction.
9. Applicants on probation or parole for conviction of a felony crime.
10. Other good cause, including, but not limited to, failure to meet any of the tenant selection criteria in this document.

All rejected applicants will have the right to appeal the decision. A written appeal must be received by the Management Agent no later than fourteen (14) days after the Unable to Accommodate letter is received. Within 3 working days of receipt of an appeal, the appeal will then be forwarded to JSCO and the RSC for the Property. Units will not be held during the appeal process. If the appeal is successful and the applicant is approved for occupancy, the applicant will be offered the next available unit.

#### **IX. Fair Housing**

The property will comply with all federal, state, and local fair housing and civil rights laws and with all equal opportunity requirements.

#### **X. Policy on Privacy**

The privacy of applicants will be safeguarded as conferred by the Federal Privacy Act of 1974. This Act in no way limits management's ability to collect such information as may be needed to determine eligibility, compute rent, or determine an applicant's suitability for tenancy.

#### **XI. Pet Policy**

Tenants may not keep any type of pet on the premises. Assistive animals for the disabled are not considered pets, but do require prior written approval of management.

#### **XII. Accessible Units**

Four units will be accessible. These units are designed with specific features for persons with mobility impairments. All units will be provided with the capability to support audio and visual alarm notification devices. An additional 37 units will be adaptable, as defined by the California Building Code. Preference will be given to applicants who require a unit with the specific design features offered in accessible units in the Project. All reasonable efforts will be made to rent accessible units to applicants who require or who could benefit from such units. Outreach will also be conducted to agencies whose clients require or could benefit from such units.

In the case of an accessible unit, when no qualified applicant has applied who requires the design features offered, then the unit will be offered to the next qualified household. This applicant will be required to complete a Lease Addendum form, whereby they agree to transfer to a non-accessible unit within the Project should a tenant or applicant require an accessible unit in the future. Failure to accept or move to the offered unit

shall be deemed material non-compliance with the lease and would be cause for termination of tenancy.

If after occupying the accessible unit, the physical condition of a member of the household changes and a household member would then benefit from continued occupancy in the accessible unit, the household would not be required to move.

### **XIII. Reasonable Accommodation**

Reasonable accommodations will be made to meet the needs of disabled applicants, including applicants with either physical, developmental and/or mental disabilities.

Management will apply the same screening criteria to all applicants. However, management will offer qualified applicants with disabilities additional consideration in the application of rules, practices, or services and structural alterations if the accommodation will enable an otherwise eligible applicant or tenant with a disability an equal opportunity to access and enjoy the housing. Management is not, however, required to make a reasonable accommodation or physical modification if the accommodation or modification will result in an undue financial burden to the Property or if it requires management to alter or change a basic component of the housing program.

If, as a result of a disability, an applicant needs changes in the way management communicates with the applicant, applicant(s) may contact JSCO by calling 213-787-2700, faxing to 213-833-1866, emailing [jscola@jsco.net](mailto:jscola@jsco.net), or visiting the leasing office to request the necessary accommodation. This can include requests for notices and applications in larger font for those with a visual impairment, or to have applications sent to those with mobility impairments. In addition, management can be reached by TTY line for those with a hearing impairment by calling the California Relay Services at (888) 877-5379.

### **XIV. Outreach**

Special marketing outreach consideration will be given to special needs populations. Vista del Rio Housing Partners L.P. has as its service partner, Goodwill. Goodwill will be responsible for outreaching to community agencies serving people with developmental and physical disabilities. As early as possible, before construction completion, comprehensive application materials will be made available to these agencies. Goodwill will coordinate with staff at these agencies to assist their clients to apply for housing. Goodwill will provide information about all aspects of the application process in order to eliminate as many obstacles to applying as possible for their clients, supported by ACOF staff. This will enable clients of these agencies to anticipate and positively address issues such as providing identifications, birth certificates, landlord references, credit reports, criminal background reports and other applicable supportive documentation needed to complete the application process.

Notices may be given to these agencies and organizations by way of flyers, e-mails, telephone calls, and in-person visits. If specific agencies or organizations request information be given to their clients in the context of meetings, these requests will be honored, as staffing and resources allow.

In addition, during the formal lease up period, Goodwill will also provide support to individual applicants as requested by any applicant.

Advertising and outreach efforts will occur in accordance with the property's Regulatory Agreement and Affirmative Marketing Plan. Advertising for this development will include the use of Equal Housing Opportunity logos to affirmatively market the units, such as:

- A Fair Housing poster to be displayed in the place where interviews take place.
- An Equal Housing Opportunity logo to be displayed on the development's sign.
- An Equal Housing Opportunity logo to be displayed on the marketing brochure, flyers and other marketing materials. Marketing will be provided through Goodwill and JSCO.
- Flyers and banners will be displayed at the property and at nearby community centers and social services organizations



**(MANAGEMENT PLAN RESUMES):**

**II. OCCUPANCY (cont.)**

**C. Procedures for Determining Tenant Eligibility, Certifying and Annually Recertifying Household Income**

The Agent shall apply all City, State and Federal requirements in determining tenant eligibility at initial rent-up and during subsequent recertification of tenant income.

When filling a vacancy, initial eligibility of prospective tenants shall be determined by the following procedures:

- a. Basic eligibility will be determined through the use of ACOF's Housing Intake Form.
- b. Personal interviews will be conducted and third party verifications obtained.
- c. If a prospective tenant has been determined to be ineligible they will be notified so that they may have an opportunity to provide further information, ask for a reasonable accommodation or engage the appeal process.
- d. Written notices will be sent advising applicants of their final eligibility status.

Agent and Owner both have experience administering rental subsidy contracts with the local housing authorities. In addition to specific requirements, general recertification procedures will be as follows:

- a. A "Tickler File" will be kept on the move-in dates of all tenants. All tenants will be recertified when their income changes (increases or decreases) or on an annual basis within twelve months of their initial move-in date.
- b. Ninety (90) days prior to their recertification date, tenant will receive a letter advising him/her of the impending recertification date and asking for written authorization to send third party verification forms and application for recertification to appropriate third parties.
- c. Sixty (60) days prior to the recertification date, the Property Manager will review the income information and determine the continued eligibility and income status of each tenant due to be recertified, and schedule appointments with those tenants.
- d. Thirty (30) days prior to the recertification date the Property Manager will interview the tenants due to be recertified in the following month. At this interview the tenants will be advised of any changes in their eligibility and income status and /or rental obligation.
- e. Tenants must report any changes of income within 30 days. Changes of income not reported in a timely manner may result in a significant amount of rent balance at recertification date.

Tenant occupancy standards shall be established and implemented in accordance with State and Federal regulations, and other policies established by the Owner in conformity with the regulatory agreements that govern the Property. These standards will be outlined in Vista del Rio's House Rules. Special occupancy procedures include:

- a. Pets: No pets are allowed at Vista del Rio unless requested pursuant to a reasonable accommodation.
- b. Permissible Absences: Tenants are required to occupy Vista del Rio as their primary place of residence. Absences beyond thirty (30) days will be permitted for emergency purposes only, as long as rental payments are kept current during the absence. Requests for absences must be submitted to the PM in writing, giving the reasons for the absence, and any other material circumstances that might affect the PM's decision about the appropriateness of the absence. The tenant will be notified in writing of the PM's decision.
- c. Tenant Incapacity: In the event that a tenant appears to be increasingly incapacitated so as to make self care difficult, the Agent will immediately contact the RSC or outside case manager to assist the tenant. Assistance may include contacting relatives, referral agencies, or the County Guardian's Office.
- d. Live-In Attendants: tenants with disabilities severe enough to require live-in attendants shall be required to present written certification from their physician that their disabilities require live-in care. In that event, the unit must be large enough to accommodate the attendant in accordance with the published occupancy standards.
- e. Increase in Household Size Due to Pregnancy: In the event that a pregnancy increases household size beyond the maximum allowable, the household may be required to move to the next available, appropriately sized, unit.
- f. Nuisance Behavior and Drug Use: In conjunction with the Property Manager, the RSC will appropriately address any problematic or nuisance behavior.

## **B. Tenant Orientation, Community Building, Outreach and Engagement**

### Tenant Orientation

A packet with written orientation material that includes general information about Vista del Rio, a list of emergency numbers for hospitals, ambulance, fire emergency procedures, as well as neighborhood services and amenities, will be

provided to each new tenant. Specifically the Tenant Handbook's Table of Contents consists of the following:

Welcome to your new Community

- i. Apartment Community Amenities
  1. Community Room and Outdoor Space
  2. Barbeque
  3. Earth boxes/Edible Garden
  4. Internet
  5. Cable or Satellite
  6. Laundry Room
  7. Supportive Services
  8. Property Management Services
  
- ii. Walk, Bike, Bus, or Metro to nearby neighborhood stores and services
  1. Parks
  2. Places of Worship
  3. Schools, Community Colleges
  4. Community Gardens/ Urban Landscaping
  5. Hardware Stores
  6. Groceries stores
  7. Farmers Markets
  8. Shopping Malls
  9. Banks
  10. Public Transportation
  
- iii. Roles and Responsibilities
  1. Tenant
  2. Property Manager
  3. Back Up Manager
  4. Residential Service Coordinator
  5. Key Holder (if applicable)
  6. Maintenance Staff
  7. Security Guards
  8. The John Stewart Company
  9. A Community of Friends
  10. Goodwill Industries
  
- iv. Contact Information
  1. After Hour Contacts
  2. Emergencies
  3. If the Manager is away
  4. Hospitals
  5. Police

- v. Drain and Toilet Issues
  
- vi. Utilities
  - 1. Electricity, Gas, Phone and Cable
  - 2. Utility rate assistance program, if available
    - a. Forms
    - b. Assistance from Residential Service Coordinator
  - 3. Locked Out: Authorized Vendors Contact Numbers
  - 4. Utility Account Information
  
- vii. Summary of Lease and House Rules
  - 1. Rent Payment
  - 2. Apartment Door Locks and Keys
  - 3. Grievance Policy
  - 4. Reasonable Accommodation
  - 5. Pet/Assistive Animal Policy
  - 6. Maintenance and Work Order requests
  - 7. Community Room Usage Policy
  - 8. Computer Room Usage Policy (if applicable)
  
- viii. Energy Conscious Apartment Living & Education
  - 1. Edible Gardens
  - 2. Green Living and Shopping
  - 3. Green Apartment Maintenance
    - a. Cleaning Products
    - b. Safe and Effective Cleaning
    - c. Conserving Water
    - d. Recycling
    - e. Household Hazardous Waste
    - f. Pest Prevention
    - g. Bed Bugs
    - h. Replacing light bulbs
    - i. Switches, Times, Dimmers
    - j. Energy Star Products
    - k. Appliance conservation babit
    - l. Mold Prevention
    - m. Healthy Air Quality

A personal interview with every tenant will be scheduled in order to acquaint them with the physical layout of Vista del Rio and the location of fire alarms, fire extinguishers, and fire exits, as well as a review of fire precautions and evacuation procedures.

A thorough explanation of Vista del Rio House Rules & Regulations will be given to each tenant. In addition, upon the signing of the rental agreement, all provisions

contained in the rental agreement will be thoroughly explained and each tenant will be provided a copy of the agreement.

A thorough move-in inspection of each dwelling unit by the Property Manager and new tenant will be conducted. At this time both parties will sign a checklist of the unit's condition. Written instructions will be provided to all tenants explaining the use and care of all appliances, maintenance and service request procedures.

Orientation and orientation materials will be provided in the language of the tenant if the tenant is not fluent in English whenever possible.

#### Community Building, Outreach and Engagement of Tenants

Tenants will be advised of the services and activities available on-site through flyers posted on doors, monthly calendar of events posted in common areas, casual contact with site staff in common areas, and a tenant council. Tenants will receive "Tenant Handbooks" that provide information on local amenities, public transportation, on-site activities and other "tips". Although tenant participation in community activities will be on a voluntary basis, the RSC will actively reach out to tenants on a weekly basis in order to engage them in the services available. Service staff will also utilize active tenants in reaching out to their neighbors (peer outreach). The RSC will spend time in common areas each week to proactively develop relationships with tenants to encourage them to access the services they may need. Social and educational programs will be developed and implemented by tenants, staff, and volunteers to foster community within the development and help tenants become comfortable with the service staff. On-site activities facilitated by peers, property and service staff, and volunteers may include movie nights, game nights, reading groups/book clubs, spiritual groups, holiday celebrations, arts and crafts, field trips, cooking classes and nutrition counseling, and anger management/non-violent conflict resolution classes. At least once per month tenants will have the opportunity to participate in one or more of these activities. Vista del Rio site staff will facilitate presentations by the Santa Ana Police Department in regards to community oriented policy and security to reinforce safety. Additionally, Vista del Rio site staff will facilitate introductions between tenants and the local neighborhood councils, neighborhood watches, police advisory boards, park advisory boards, community centers, recreation centers, and community-based organizations and encourage tenants to seek out community organizations and activities that interest them.

#### Community Meetings

Community meetings are scheduled on the same day and time each month. The schedule will be based on the lifestyle of the apartment community so as to draw as many participants as possible. Site staff, the PM and RSC are jointly responsible for hosting the meeting, however the lead site staff is the PM. Community meetings are a community building tool and a vehicle to empower tenants and to teach them to

make positive decisions that impact their lives. Concerns and possible suggestions for implementation and/or resolution should be discussed with tenants. Site staff will also use the meeting as an opportunity to elicit suggestions from tenants on programming options at the building.

### **III. OPERATIONS**

#### **A. Rent Collection Policies and Procedures**

The tenant orientation information (both written and oral) for Vista del Rio shall address rent collection policies and procedures. Such policies and procedures shall be strict, consistent, easily understood, and firmly enforced.

- a. Rents shall be collected by the Agent who will provide the tenant with a receipt.
- b. All rents shall be due on or before the first (1st) day of each month. Rent is considered delinquent on the second (2nd) day of the month. Rent must be paid by cashier's check, money order or some other secure form of payment.
- c. Tenants who have not paid their rent by the fourth (4th) day of the month will be served a Ten (10) Day Notice to Pay Rent or Quit.
- d. Failure to pay rent will result in eviction. The Agent must advise the Owner of all evictions that are to be initiated. The Agent shall provide the attorney with copies of all documents and request that an eviction be scheduled with the court. Eviction proceedings must follow procedures outlined in the California Civil Code. Tenants will be charged if Agent is forced to take legal action against a tenant.
- e. Tenants having financial problems that affect payment of their rent will be referred to the RSC who will assist in budgeting, coordination of a payment plan with the Agent, and if applicable linkages to an appropriate social agency for assistance in remedying the problem.
- f. Rents shall be increased annually to cover Property expenses, if approved by funders upon submission of year end reports and a request for rent increases and budget approval. All tenants shall be given a sixty (60) day notice of any rent increases allowed pursuant to agency regulations.

#### **B. Eviction Prevention and Eviction Policy**

Owner is committed to providing permanent affordable, supportive housing for people with special needs. To this end each apartment community is assigned services staff whose primary responsibility is to support tenants, including those

whose disability may adversely impact their ability to sustain successful tenancies.

Evictions represent a waste of valuable and scarce resources. For tenants, eviction can mean long-term homelessness and a setback on their recovery journey. For the Owner, evictions mean expensive, contentious and time-consuming court proceedings; vacancy loss, and unit turnover costs. For Vista del Rio, evictions can mean an adverse impact of the tenant community's right to peaceful enjoyment.

Eviction decisions will not be made in haste; all other options should be explored before an eviction is put into motion. However when case management outreach, repeated notices and tenant intervention meetings fail, an eviction might be inevitable.

**Eviction prevention** is both proactive and part of routine property management procedures. Actions that will be undertaken by Owner include:

- Copies of Tenant Notices to Services: Notices to perform or quit will be issued by the Property Manager for all lease violations. However, unless instructed in writing otherwise by a tenant, the RSC and if applicable the outside case manager will receive a copy of said notices. This gives the RSC the opportunity to intervene on the tenant's behalf to prevent eviction and preserve tenancy.
- Standing item on site staff bi-weekly meetings: Bi-weekly site staff meetings allow both services and property management staff formal designated time to discuss and strategize about tenants who are at risk of eviction.
- Communication between Services and Property Management: During formal site staff meetings and as otherwise necessary, Goodwill will inform property management about non-confidential behavioral concerns that might impact the apartment community. Likewise property management informs the RSC of tenant behavior that might lead to evictions such as
  - Hoarding
  - Housekeeping
  - Late rent payment
  - Complaints from other tenants
  - Nuisance Behavior
- Development of an Intervention Plan: Site staff is expected to develop a formal tenant intervention and/or eviction prevention plan. The plan clearly states the tenancy problem/lease violation, documents property and services staff roles in assisting the tenant, documents tenant expectation and responsibility, provides for updates during site staff meetings and includes a time frame during which the Property Manager will hold legal actions in abeyance.

- Payment Plan for outstanding rent and other receivables: Owner understands low income tenants with disabilities often subsist on a very limited income, therefore the goal is not to place onerous payment plans on tenants. Rather the goal is to get the tenant to accept responsibility.
- Reasonable Accommodations & Grievance Process: The RSC will assist with both processes. Services offered by the RSC include:
  - Explaining and filling out the reasonable accommodation or grievance form
  - Obtaining documents to substantiate the grievance or reasonable accommodation request.
  - Seeking alternative housing to prevent a formal eviction that would make the tenant ineligible for Housing Authority rental subsidy assistance.
  - Attending the property management meeting with the tenant.
    - If applicable advocate for the tenant
    - If applicable provide referrals to legal services
    - If applicable attend meetings with the tenant and outside agencies
    - In the case of approved accommodation requests that necessitate alternate housing within or outside of ACOF's portfolio
      - Assist in finding alternative housing
      - Assist in making selection through the provision of bus tokens for site visits and interviews

Eviction Policy: The Agent shall enforce the terms of the Residential Lease as they apply to the eviction policies and procedures. All such eviction policies and procedures shall be consistent with any applicable TCAC regulations and regulatory agreements. The RSC will receive copies of any lease or house rule violation notices that are issued to tenants, unless otherwise instructed in writing by tenant.

Tenants who have violated their Lease or other regulations will be given a thirty (30) day Notice to Vacate. Should the violation continue, the Agent will inform the Owner that it intends to initiate eviction procedures. This is the opportunity for RSCs to intervene to assist the tenant to preserve his/her housing.

Eviction for nuisance shall be undertaken only when there is documentable evidence (correspondence, witnesses of illegal activities, police actions, lease violations, etc.) available that the Agent and the attorney may determine to be compelling in court. Court actions typically require four (4) to eight (8) weeks for a decision, unless the action is not contested. Uncontested unlawful detainers may require only two (2) to three (3) weeks for a decision.

No rent will be collected during any eviction actions. If a tenant who is in the process of being evicted for nonpayment of rent desires to pay the rent in full,



then the Property Manager shall confer with the Agent to determine whether rent will be accepted. If rent is accepted, the tenant will be required to pay with a money order or cashier's check only. If it is determined that the tenant is chronically late or has a serious nonpayment problem, then the Agent has the option of foregoing the rent and continuing with the eviction if the deadline specified in the Ten (10) Day Notice has already elapsed.

### **C. Confidentiality**

Owner has a legal obligation to protect all confidential information in its possession, especially data and information concerning identity, health, criminal, and welfare recipient records of tenants and applicants. Owner and its contractors which include the property management company and service providers understand that they must protect the confidentiality of such data and information. Consequently, Owner staff and its contractors must sign a Confidentiality Agreement as a condition of providing services at Vista del Rio.

The Confidentiality Agreement requires Owner, its staff and its contractors to agree that they will not divulge to unauthorized person any data or information obtained while performing work at Vista del Rio. Any staff who may have access to tenant records and medical history must sign this document, confirming that all records will be housed in a secure and confidential manner and that all information concerning any tenant or applicant is privileged and may not be shared with any unauthorized individual without the expressed written consent of the tenant or applicant. However, all staff will be trained to understand that there are exceptions to confidentiality: (1) if there is reasonable suspicion of abuse to children or elderly persons, (2) if there is a disclosure of a serious intent to inflict harm upon oneself or another individual, (3) if a law enforcement agency seeks information related to a criminal investigation or terrorist activity, and (4) for income verification and eligibility determination purposes.

Notwithstanding, all tenants and applicants of Vista del Rio will be required to sign a release authorizing Owner, Agent, and supportive services partners to obtain and share pertinent information with regulatory agencies, lenders, and funders that govern the management of Vista del Rio.

Owner and its contractors agree to report any and all violations of this agreement by contractor and its staff and/or by any other person whom Owner and its contractors become aware. Owner and its contractors acknowledge that violation of this agreement may cause termination of employment and/or contract, and lead to civil and/or criminal action as Owner shall seek all possible legal redress.

To further ensure confidentiality, the Agent and its staff shall not have access to personally identifiable health information of tenants and applicants of Vista del Rio. Certification of applicant and tenant disability status is submitted to property management staff in a sealed envelope during the application process for delivery

to the Housing Authority. To protect the applicant and tenant confidentiality of applicant's medical information, records of disability and medical information are kept in the services office and are not made available to property management staff.

Additionally, Owner and Service Provider will participate and execute any Business Associate Agreements that may be required pursuant to HIPAA, which sets national standards for the security of electronically protected health information.

Supportive services are offered as a voluntary program and are not a condition of continued tenancy at Vista del Rio. Thus applicants and tenants of Vista del Rio will be informed of their rights to deny services staff access to private information regarding their application and tenancy at Vista del Rio.

#### **D. Communications between Property Management and Services**

Every effort will be made to facilitate the achievement of consensus among property management and services on decisions affecting Vista del Rio tenants. The property management team and services team will meet bi-weekly to discuss tenant/building issues. Concerns between tenants and the service provider/property manager/project sponsors can also be raised and addressed in tenant council meetings and community meetings. These efforts will help in the early identification of problems/issues and rapid resolution. Most decisions will be reached and disagreements resolved through this process. When parties cannot reach agreement on a course of action about tenant selection or eviction, the Owner will make the final determination. For matters relating to service delivery, Goodwill will make the final determination.

As indicated above, ACOF's Asset Management staff and Residential Services Supervisory staff will visit Vista del Rio at least once a month to meet with the site staff. Regular meetings and site visits like these prevent escalating tenant issues and allows for expeditious resolution of existing problems. ACOF conducts bi-monthly trainings that involve asset management, property management and residential services staff. These retreats are focused on inculcating ACOF's mission and operational philosophy, team building, skills improvement, bi-departmental (services and property management) collaboration, and specific workshops aimed at improving service for people with special needs. The trainings are also an opportunity for corporate staff to hear what works and what needs tuning directly from site operations. ACOF has maintained this successful approach to development, property management, and asset management in all of its existing properties.

##### Site Staff Meeting Policy

Site staff meetings are designed as a formal opportunity for planning and strategizing to ensure that Goodwill and Property Management work as a

team to assure successful tenancies. Both departments are expected to discuss at-risk tenancies, keep each other informed about upcoming site events such as inspections, audits and to plan community activities. Property management should update Goodwill on warning notices, adherence to payment plans and/or reasonable accommodation agreements, and any signs, such as housekeeping violations, that a tenant's ability to maintain their apartment or adhere to the terms of the lease has been compromised. Goodwill should update property management on their client's progress on tenant intervention and if appropriate service plans, reasonable accommodation agreements and any property management related tenant concerns. Regular meetings between Goodwill and Property Management prevent the escalation of tenant issues and allows for expeditious resolution of existing problems.

Site staff attendance at staff meetings is mandatory; these meetings must be hard calendared at each site and at minimum should occur every two weeks. The task of producing the agenda and taking minutes should be rotated between the PM and the RSC. One staff member will generate the agenda; the other will take the minutes. The staff person that generates the minutes is responsible for distributing the minutes to at least the following: The subject Residential Service Supervisor, Property Supervisor, and ACOF's Asset Manager.

In the absence of a PM, the back-up PM or the Property Supervisor will attend the meetings until the PM's position has been filled. In case of RSC's vacancy, the site Residential Services Supervisor will attend the site meetings.

The Asset Manager may attend the regular site staff meetings for new sites and in cases where additional support for property management staff is needed. The Property Supervisor will attend staff meetings as part of a new PM's orientation and training and in cases where additional property management support is needed.

#### **E. Assisting Tenants to apply for utility rate assistance programs**

During the orientation process tenants will be given literature and forms for applying for low income utility rate assistance program, if available. This information will also be included in the Tenant Handbook. The RSC is responsible for following up with each tenant and offering assistance, if needed. During site staff meetings, the RSC will provide updates as to which tenants have taken advantage of the rate assistance program. The log will be updated until each tenant has either refused assistance, refused to take advantage of the program or has been deemed ineligible. The updated log will be included in the weekly site report.

As part of the lease agreement, tenants will be asked to sign a release of utility account information, whereby tenants will authorize access to their utility accounts for the purposes of utility monitoring to facilitate resource conservation.

#### **F. Reasonable Accommodation & Modification Requests**

Reasonable accommodations and modifications will be made to meet the needs of disabled applicants, including applicants with both physical and/or mental disabilities.

The reasonable accommodation process starts at the site level when an applicant or tenant makes an accommodation request to the Agent. The Agent determines if the request can be approved and accommodated at the property. If the request is approved and can be accommodated at the property the PM provides a written response with a copy to the RSC or referring case manager. If the Agent determines that the request should not be approved or can not be accommodated at the property, the PM must send the request to the Owner for review and final disposition. Only the Owner is authorized to deny a reasonable accommodation request. The RSC or the outside referring case manager is an integral part of the reasonable accommodation process. With the tenant or applicant's approval, copies of all communications are sent to the RSC thus affording the RSC and/or outside referring case manager full opportunity to intercede and advocate on behalf of the tenant/applicant.

Should the Owner determine that the request should be denied then the tenant/applicant and the RSC are invited to enter into interactive process to determine other ways to respond to the tenant/applicant's need. If necessary Owner will consult with its fair housing attorney to assure that Owner has fulfilled its obligations in regards to the tenant/applicant and the law.

#### **G. Incident Reports**

The PM is required to forward an incident report to the owner within 24 hours or no later than the first business day of an incident.. This policy allows Owner to monitor and provide proactive oversight to incidents that involve the use of the public emergency response systems and well as incidents that involve the communities in which our properties are placed and incidents that may pose a liability to the owner. The Incident Report includes an area for site staff to indicate interventions proposed or undertaken, which allows the asset manager to review the way the incident was handled by the Agent. This ensures consistency with ACOF's philosophy and allows ACOF the opportunity to intervene if necessary.

#### **H. Security**

Vista del Rio will include the following security enhancements: 1.) *Security Cameras*: the project design will include security cameras with remote access and dual monitoring from the tenant manager's office and apartment; 2.) *Controlled Entry/Locks/Gated Parking*: the building will be locked at all times, and each tenant will have an outside key and a key to their unit; 3.) *Fire Alarm monitoring that includes: 24 hour fire alarm monitoring by a third part vendor and a phone calling tree that starts with the PM and ends with ACOF's asset management staff.* 4.) *Cell phones* – Phones will be assigned to each property manager to facilitate accessibility and communications. 5.) *Site Staff/CPR/First Aid Training*: PM living on-site will be trained in fire safety, crisis intervention, and First Aid/CPR will live on-site; and/or 6.) *Disaster Preparedness*: A site specific evacuation plan for earthquake, fire, and other potential disasters will be in place. The PM will conduct bi-annual fire drills

#### **IV. GREEN OPERATIONS & MAINTENANCE**

Regular and consistent maintenance supports ACOF's mission of safe, supportive, well maintained housing and an uncompromised level of customer service to its tenants. The designated asset manager provides oversight of the Agent's maintenance services.

Each building has a dedicated maintenance staff person. Owner works with vendors that have serviced its portfolio in some cases since the first property was placed in operations. This means that when an emergency occurs Owner can count on vendors that are experienced with working with Owner's special needs population. Again, it means that the tenants are not faced with the unfamiliar in extraordinary circumstances.

Each buildings has a site specific maintenance plan that is created by a facilities management consultant and takes into account the buildings systems and the manufacturer's maintenance and replacement schedule. Vista del Rio's property maintenance plan will reflect current thinking on Green Operations and Maintenance. The manual will utilize Enterprise's Green Communities template which encompasses best practices for healthy and high performance buildings.

Maintenance administration begins during construction. The asset manager reviews and approves any change order that have long term maintenance implications. At the end of construction, to ensure cross training on building systems, the Property Manager, the back up manager, the designated maintenance staff person and if applicable maintenance service vendors attend the subcontractor's systems maintenance instructional session. To ensure that the property maintenance manual is consistent with the manufactures maintenance and operating guidelines, the facilities management consultant who is responsible for creating the manual will also attend the subcontractor's training. The Property Manager, the back up manager and designated maintenance staff also participate in the punch list inspection. The maintenance plan includes a preventive maintenance schedule, routine maintenance, designated maintenance staff and a vendor list. Maintenance standards include a 24 hour response time to all work-order requests, an annual 100% unit inspection, quarterly smoke

detector inspections, completion of emergency work orders within 24 hours, units make ready within 7 days, and a 24 hour window for graffiti removal.

**A. The Green Operations shall include the following:**

- Green and Healthy Housekeeping – cleaning procedures, low-toxic cleaning products, storage and disposal of cleaning products, disposable janitorial supplies, and housekeeping equipment
- Indoor Pest Prevention and Control – integrated pest management, pest prevention tips, pest management protocols, and bed bug prevention and control
- Waste Reduction and Recycling – waste prevention, weekly recycling program, building rehabilitation / renovation waste management, and hazardous waste disposal
- Energy and Water Conservation – energy efficiency strategies, water-saving strategies
- Green Groundskeeping – irrigation, plantings, integrated pest management, storm water filtration, exterior lighting, and parking lot

**B. Preventive Maintenance Schedule**

Interior painting and redecoration of individual units shall occur every 3 to 5 years based on need substantiated by the annual physical inspection, or as occupancy changes, or as the Agent and Owner may otherwise deem necessary. Any painting needed to be done sooner than six (6) years shall be charged to the tenant on a pro rata basis.

**C. General Repairs**

All items needing repair or replacement, whether reported by the tenants or discovered by management staff, shall be recorded by the Agent on a maintenance work order form.

1. The form shall be completed in triplicate; one copy each shall be given to the Tenant and Goodwill and one copy shall be retained in a suitable ledger for follow-up as the work proceeds.
2. The work order form shall indicate the costs of labor and materials and the Property Manager shall determine any charges to tenants for damages beyond normal wear and tear. Tenants will be billed promptly for damages they cause, and per the lease agreement, be required to reimburse the Property within 30 days or other reasonable time agreed upon by the PM and tenant.

3. Once the work is completed and the tenant has acknowledged this by signing a copy of the work order, the ledger copy shall be placed in the permanent file assigned to the tenant's unit.
4. Routine maintenance requests will be completed within 72 hours.

**D. Emergency Repairs and Graffiti**

1. All emergency repairs or replacements, regardless of the time of day they occur, shall be handled promptly. Emergency needs shall be defined as those situations posing immediate threat to the health and safety of tenants and/or the integrity of the grounds, buildings, and equipment, including: the interruption of services hot or cold running water, electricity, gas, adequate heat and plumbing; glass breakage which deprives tenants of security or heat; or repairs that if not performed would expose tenants to injury.
2. Graffiti shall be removed within 24 hours.
3. In case of emergency after business hours, a 24-hour answering service will be maintained to notify Agent.

**E. Schedule of Useful Life and Replacement Needs for Major Items.**

Major interior redecorating of common areas, exterior painting and replacements to building infrastructure, heating and ventilation systems shall be integrated into a capital improvements schedule which shall serve as a basis for computing and establishing the Replacement Reserve Fund and adequate contributions from the annual operating budget.

Roof	5 - 10 years
Carpet / Flooring	3 - 30 years
Kitchen Appliances	10 years
Common Appliances	10 years
Mechanical	25 - 35 years
Paving	5 - 10 years

**F. Recycling**

Vista del Rio will have a robust recycling program with separate facilities/space for recycling. A requirement to recycle will be part of Vista del Rio's House Rules. New tenants will be provided with materials and information regarding the importance of recycling as a component of their welcome orientation to the building. Information about recycling will also be posted in common areas distinguishing between materials, paper, green waste, and hazardous materials. Ongoing trainings about resource conservation will occur at least once a quarter

during community meetings. To further encourage recycling, on-site staff will explore incentive opportunities for tenants to recycle, including tenant-run recycling programs as a job opportunity or where tenants may retain the monetary benefits of recycling.