

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

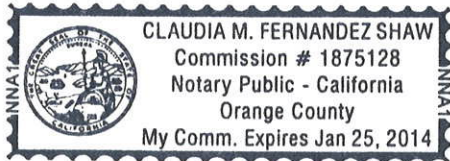
} SS.

On March 14, 2012 before me
Date

Claudia M. FernandezShaw, Notary Public
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Francisco Gutierrez
Name(s) of Signer(s)

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



Place Notary Seal Above

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

WITNESS my hand and official seal.

Claudia M. Fernandez Shaw
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document:

Document Date: _____ Number of Pages:

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer is Representing

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

CITY:

CITY OF SANTA ANA, a charter city and municipal corporation

By: Francisco Gutierrez
Francisco Gutierrez
Executive Director of Finance and
Management Services

ATTEST:

Maria D. Huizar
Maria D. Huizar, Clerk of the Council

APPROVED AS TO FORM

By: Lisa E. Storck
Lisa E. Storck
Assistant City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

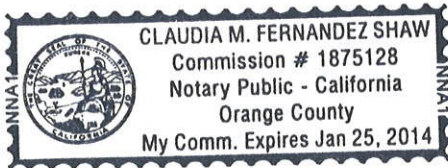
} SS.

On March 14, 2012 before me
Date

Claudia M. FernandezShaw, Notary Public
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Francisco Gutierrez
Name(s) of Signer(s)

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



Place Notary Seal Above

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

WITNESS my hand and official seal.

Claudia M. Fernandez Shaw
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document:

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer is Representing _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

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 A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Santa Ana, County of Orange, State of California, described as follows:

IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS PER MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY, AS DESCRIBED IN A DEED TO THE NEWBERT PROTECTION DISTRICT, RECORDED OCTOBER 16, 1919 IN BOOK 339 PAGE 382 OF DEEDS IN THE OFFICE OF SAID COUNTY RECORDER MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHEASTERLY CORNER OF LOT 38 OF TRACT NO. 2887 AS SHOWN ON A MAP FILED IN BOOK 117, PAGES 28 THROUGH 30, INCLUSIVE, OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY, BEING ALSO THE WESTERLY CORNER OF THAT CERTAIN STRIP OF LAND DEEDED TO THE CITY OF SANTA ANA ON MAY 14, 2002 BY INSTRUMENT NO. 20020400664 OF OFFICIAL RECORDS OF SAID COUNTY, THE SOUTHERLY LINE OF SAID STRIP BEING A TANGENT CURVE, CONCAVE SOUTHERLY AND HAVING A RADIUS OF 867.00 FEET, THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 23' 48", AN ARC LENGTH OF 157.32 FEET TO THE END OF SAID CURVE; THENCE SOUTH 69° 55' 32" EAST A DISTANCE OF 77.35 FEET ALONG THE SOUTHERLY LINE OF SAID STRIP; THENCE DEPARTING SAID SOUTHERLY LINE ON A COURSE BEARING SOUTH 20° 04' 28" WEST A DISTANCE OF 7.00 FEET; THENCE NORTH 69° 55' 32" WEST A DISTANCE OF 28.00 FEET; THENCE SOUTH 62° 04' 28" WEST A DISTANCE OF 13.38 FEET; THENCE SOUTH 14° 04' 28" WEST A DISTANCE OF 36.00 FEET; THENCE SOUTH 40° 01' 11" EAST A DISTANCE OF 27.44 FEET; THENCE SOUTH 25° 35' 43" EAST A DISTANCE OF 29.37 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIAL BEARING OF SOUTH 39° 52' 08" WEST AND A RADIUS OF 42.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 50° 45' 00" AN ARC LENGTH OF 37.20 FEET TO THE END OF SAID CURVE; THENCE ALONG A LINE TANGENT TO SAID CURVE SOUTH 00° 37' 08" WEST A DISTANCE OF 140.00 FEET; THENCE SOUTH 89° 22' 52" EAST A DISTANCE OF 14.00 FEET TO A POINT ON THE NORTHWESTERLY LINE OF "PARCEL 1" OF A DOCUMENT RECORDED IN BOOK 9034, PAGE 417, OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTH 26° 53' 03" WEST A DISTANCE OF 534.66 FEET ALONG THE NORTHWESTERLY LINE OF SAID "PARCEL 1" TO A POINT ON THE EASTERLY LINE OF SAID TRACT 2887; THENCE NORTH 0° 37' 08" EAST ALONG SAID EASTERLY LINE A DISTANCE OF 802.28 FEET TO THE POINT OF BEGINNING.

The area of the described land consisting of 2.740 acres, more or less.

EXHIBIT B

AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

RECORDING REQUESTED BY AND
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 (M-37)
Santa Ana, CA 92702
Attn: Executive Director

This document is exempt from payment of a
recording fee pursuant to Government Code
Sections 27383 and 6103.

**NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY**

**(1600 West Memory Lane, Santa Ana, CA)
(Multi-Family Rental Units)**

March ____, 2012

NOTICE IS HEREBY GIVEN, that the City of Santa Ana, a charter city and municipal corporation, acting as successor agency to the Community Redevelopment Agency of the City of Santa Ana (“Successor Agency”), to carry out certain obligations under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*) and the Redevelopment Plan for the Merged Redevelopment Project Areas, has required Vista Del Rio Housing Partners LP, a California limited partnership (“Owner”), to enter into certain affordability covenants and restrictions entitled Affordability Restrictions on Transfer of Property (“Restrictions”). The Restrictions shall be recorded with the Orange County Recorder concurrently with this Notice, with reference to certain real property located at 1600 West Memory Lane, Santa Ana, California (“Property”), designated as Assessor’s Parcel No. 101-055-27 and more particularly described in Attachment No.1, attached hereto and incorporated herein by reference.

The affordability covenants and restrictions contained in the Restrictions include without limitation and as further described in the Restrictions:

The Project consists of a forty-one (41) unit rental project with fifteen (15) studio units, twenty-one (21) one-bedroom units, and five (5) two-bedroom units, all but one unit of which will be restricted to rental and occupancy by Extremely Low Income or Very Low Income households paying an Affordable Rent, determined in accordance with the lower and more restrictive of the regulations applicable to federal 9% low and moderate income tax credits and the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (and, with respect to four (4) of the studio units, four (4) of the one-bedroom units, and three (3) of the two-bedroom units, which shall be fixed HOME Units, the regulations implementing the HOME Investments Partnership Program (“HOME Program”) set forth at 24 CFR §92.1, *et seq.*) Six (6) of the studio units, ten (10) of the one-bedroom units and four (4) of the two-bedroom units are to be restricted to Extremely Low Income households, and all but one (1) of the remaining units at the Project shall be restricted to Very Low Income households for a period of not fewer than 55 years (15 years with respect to the HOME Program requirements).

This Notice of Affordability Restrictions on Transfer of Property is being recorded for the purpose of providing notice only and it in no way modifies the provisions of the Restrictions. In the event of any conflict between this Notice and the Restrictions, the terms of the Restrictions shall prevail.

The Restrictions have been recorded concurrently herewith and shall remain in effect for not fewer than fifty-five (55) years.

This Notice is being recorded in the Official Records of Orange County, California by the Successor Agency in compliance with Health and Safety Code Section 33334.3(f)(3)(B), as amended, and shall be indexed against the Successor Agency and the Owner.

[Signatures appear on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Notice of Affordability Restrictions on Transfer of Property to be executed as of the date set forth at the beginning of this Notice.

SUCCESSOR AGENCY:

CITY OF SANTA ANA, acting as
successor agency to the **COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF SANTA ANA**

By: _____
Paul Walters, Interim City Manager

ATTEST:

Maria D. Huizar
Successor Agency Recording Secretary

AUTHORITY:

**HOUSING AUTHORITY OF THE CITY
OF SANTA ANA**, a public body corporate
and politic

By: _____
Nancy T. Edwards,
Interim Executive Director

APPROVED AS TO FORM:

By: _____
Lisa E. Storck, Assistant Counsel

[Signatures continue on following page.]

[Signatures continue from previous page.]

OWNER:

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

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Santa Ana, acting as Successor Agency,
to the Community Redevelopment Agency of the
City of Santa Ana
Housing Department M-37
20 Civic Center Plaza, 3rd Floor
P.O. Box 1988
Santa Ana, California 92702

SPACE ABOVE THIS LINE FOR RECORDING USE
FREE RECORDING REQUESTED
[Government Code Section 6103]

AFFORDABILITY RESTRICTIONS

ON TRANSFER OF PROPERTY

(1600 West Memory Lane, Santa Ana, CA)

These AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (the "Restrictions") are entered into as of March ____, 2012, by and among Vista Del Rio Housing Partners LP, a California limited partnership (referred to herein as the "Vista Del Rio"), the City of Santa Ana, a charter city (the "City"), and the Housing Authority of the City of Santa Ana, a public body, corporate and politic (the "Authority") and the City of Santa Ana, acting as successor agency to the Community Redevelopment Agency of the City of Santa Ana, a public body, corporate and politic (the "Successor Agency").

RECITALS:

A. Vista Del Rio is the owner of that certain real property located at 1600 West Memory Lane (the "Property") located in the City of Santa Ana more particularly described in Exhibit A, which is attached hereto and incorporated herein by this reference.

B. For the purpose of providing forty-one (41) residential rental units of housing, forty (40) of which units will be affordable to Extremely Low Income and Very Low Income households (collectively, "Assisted Units"), Vista Del Rio and the City have entered into that certain Loan Agreement, dated and recorded against the Property concurrently herewith (the "Agreement") to which these Restrictions are attached as Exhibit B which, along with all of its attachments, is incorporated herein by this reference (any capitalized term that is not otherwise defined in these Restrictions shall have the meaning ascribed to such term in the Agreement). In addition, the Community Redevelopment Agency of the City of Santa Ana ("Agency"), the predecessor in interest to the Authority with respect to the Property and Vista Del Rio have 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"), which provides for the acquisition of the Property and construction and operation of the Project as Affordable Housing by Vista Del Rio.

C. The Agreement provides, among other things, for the use of the Property for affordable housing with the Assisted Units being restricted to being rented to Extremely Low Income and Very Low Income households.

D. The Agreement contains certain provisions relating to the use, operation, management and maintenance of the Property.

NOW, THEREFORE, CITY, AUTHORITY, SUCCESSOR AGENCY, AND VISTA DEL RIO COVENANT AND AGREE AS FOLLOWS:

1. COVENANT TO OPERATE AFFORDABLE HOUSING

Vista Del Rio covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that Vista Del Rio, such successors, and such assigns shall use the Property exclusively to provide affordable housing for Extremely Low Income and Very Low Income households, as provided in these Restrictions, the Agreement, and the DDA. The terms, provisions, and covenants set forth in the Agreement and the DDA are hereby incorporated herein by this reference as if set forth in full herein.

2. RESERVED.

3. AFFORDABILITY REQUIREMENTS, USE AND MAINTENANCE OF THE PROPERTY

3.1 Use Covenants and Restrictions.

a. Vista Del Rio agrees and covenants, which covenants shall run with the land and bind Vista Del Rio, its successors, its assign and every successor in interest to the Property that Vista Del Rio will make all Assisted Units on the Property available solely to Extremely Low Income and Very Low Income households at Affordable Rents. The HOME Regulations applicable to the eleven (11) HOME Units shall be enforced during the entire HOME Compliance Period (defined in the Agreement). Upon expiration of the HOME Compliance Period, the City, Authority, and Successor Agency will enforce affordability of said Assisted Units with the same income and rent restrictions as the other Assisted Units, pursuant to the requirements of Section 50052.5 of the Health and Safety Code and the CRL. Vista Del Rio further covenants and agrees that the Property shall be developed, operated, managed and maintained in accordance with Specific Development No. 83; Amendment Application 08-11, as approved by the City of Santa Ana Planning and Building Agency and by the Santa Ana City Council pursuant to Ordinance No. NS-2790 of the City of Santa Ana, adopted August 3, 2009.

b. The Project shall consist of forty (40) income restricted Assisted Units (and one unrestricted manager's unit). There shall be eleven (11) HOME Units. The eleven HOME Units will be fixed units and shall be distributed throughout the complex with comparable amenities to the other Assisted Units.

c. At initial lease up, all households selected to rent and occupy the HOME Units shall be Extremely Low and/or Very Low Income households and all households selected to rent and occupy the remaining Assisted Units shall be Extremely Low Income and Very Low Income

households, in accordance with the schedule set forth in Section 3.2 below. All rental increases shall be in conformance with federal and state law and approved by the Executive Director.

d. The rent charged for the on-site property manager’s unit shall not be restricted.

e. Affordable Rents charged to tenants shall be governed by California Health and Safety Code Sections 50052.5, 50053(b)(1), and 50053(b)(2), and as provided in the HOME Regulations 24 CFR section 92.2, whichever is less.

3.2 Affordable Gross Starting Rents (Less Reasonable Utility Allowance). Initial rents may be recalculated to allowable rental amounts at the time of initial lease-up following completion of Construction in accordance with any changes in allowable rent and income tables as published by HUD and the State of California, Department of Housing and Community Development.

A. Successor Agency and HOME Units.

Successor Agency, City, Authority, and Vista Del Rio agree that the breakdown of unit affordability for the Assisted Units shall be as follows, under this Agreement:

The rents charged at the Project must comply with the lowest and most restrictive of the following standards:

1. The calculation methodology defined in (i) Section 50053(b)(1) for Extremely Low Income Households, or (ii) Section 50053(b)(2) for Very Low Income Households;
2. The rents published for Low Income Housing Tax Credit (Tax Credit) projects by the California Tax Credit Allocation Committee (TCAC); and
3. With respect to the HOME Units, the Low HOME rents published by HUD.

Successor Agency, City, Authority, and Vista Del Rio agree that effective 2011 the initial maximum gross monthly Affordable Rents and the breakdown of unit affordability for the Extremely Low Income Assisted Units shall be as follows:

	<i># of Units (Successor Agency)</i>	<i># of HOME units</i>	<i>Max. Gross Monthly Rents*</i>
Studio Extremely Low Units	4	2	\$485
One Bedroom Extremely Low Units	8	2	\$519
Two Bedroom Extremely Low Units	2	2	\$623

Successor Agency, City, Authority, and Vista Del Rio agree that effective 2011 the initial maximum gross monthly Affordable Rents and the breakdown of unit affordability for the Very Low Income Assisted Units shall be as follows:

	<i># of Units (Successor Agency)</i>	<i># of HOME units</i>	<i>Max. Gross Monthly Rents*</i>
Studio Very Low Units	7	2	\$813
One Bedroom Very Low Units	8	2	\$871
Two Bedroom Very Low Units	0	1	\$1,046

*Utilities Allowances must be deducted from the Maximum Gross Monthly Affordable Rent. The applicable utilities allowances are determined periodically by the Housing Authority of the City of Santa Ana.

Maximum Gross Monthly Rents shall be recalculated following issuance of a Release of Construction Covenants but prior to the time of initial lease-up in accordance with any changes in allowable rent and income tables as published by HUD and the State of California, and shall be as approved by the Executive Director in writing in accordance with this Section. Such Maximum Gross Monthly Rents charged to the first tenants of the 40 Assisted Units shall constitute the Initial Rental Schedule.

3.3 Rental Vouchers.

(a) In the event Vista Del Rio rents an Assisted Unit to a household holding a Portable Voucher, the rental agreement (or lease agreement, as applicable) between Vista Del Rio, as landlord, and the tenant shall expressly provide that the monthly rent charged shall be the Affordable Rent required hereunder for the Assisted Unit (not fair market rent) and that the rent collected directly from such tenant holding a portable rental voucher shall be not more than 30% of the tenant's actual gross income pursuant to the applicable voucher program regulations; i.e., the rent charged to such tenant under the rental agreement shall be the Affordable Rent chargeable hereunder and not fair market rent for the area, as would otherwise be permitted under the applicable Portable Voucher program. Thus, the subsidy payment to Vista Del Rio under any Portable Voucher shall not exceed the difference between thirty percent (30%) of the tenant's actual gross income and Affordable Rent chargeable for the applicable Assisted Unit hereunder (and under the Affordability Restrictions).

(b) The parties acknowledge that Vista Del Rio and Authority intend to enter into the HAP Contract and that the Senior Lender is anticipated to underwrite a Senior Loan based in part on the Project Based Section 8 subsidy to the Project under the HAP Contract, including payments thereunder equal to the difference between 30% of each tenant household's actual gross income and the fair market rent for the area. In the event that, during the Term hereof, a new Housing Assistance Payments Contract is proposed to be entered into (or is entered into) with respect to any Assisted Units at the Project not already receiving Project Based Section 8 assistance under the HAP Contract (or those Units, after expiration of the HAP Contract), Vista Del Rio shall cause the rental agreement (or lease agreement, as applicable) for each Assisted Unit receiving Project Based Section 8 assistance pursuant to such new Housing Assistance Payments Contract (but not the HAP Contract) to provide that the monthly rent charged under such rental agreement (or lease agreement, as applicable) shall not exceed the Affordable Rent required hereunder for the Assisted Unit (not fair market rent). Thus, the subsidy payment to Vista Del Rio under any project-based rental voucher (other than with respect to the subsidy pursuant to the HAP Contract) shall not exceed the difference

between thirty percent (30%) of the tenant's actual gross income and Affordable Rent chargeable for the applicable Assisted Unit hereunder (and under the Regulatory Agreement).

(c) Vista Del Rio hereby acknowledges and agrees that, upon completion of construction of the Project and leasing of the Assisted Units to Extremely Low Income and Very Low Income households pursuant to this Agreement, the DDA and the Affordability Restrictions, Vista Del Rio will have received governmental subsidies from Authority, City, Successor Agency and TCAC (through the Tax Credits allocated to the Project) in exchange for Vista Del Rio's agreement to limit the rents charged to tenants of the Project to an Affordable Rent and Vista Del Rio further acknowledges and agrees that, except for the HAP Contract payments with respect to 8 Assisted Units, which are part of the approved financing for the Project, acceptance of additional governmental rental subsidies (without the consent of the Executive Director) resulting in total, cumulative rent payments to Vista Del Rio in excess of an Affordable Rent for any of the Assisted Units at the Project would constitute an unjustified windfall to Vista Del Rio at the expense of Authority and the federal and state governments. Further, with respect to the HOME Units, the HOME Regulations prohibit application of any Project Based Section 8 assistance, Portable Voucher, or other rental subsidy that, cumulatively with the rent to be paid by the tenant household, exceeds an Affordable Rent calculated pursuant to the HOME Regulations.

3.4 Rent Increases. On an annual basis, the Executive Director shall provide Vista Del Rio with the maximum allowable schedule of Affordable Rents for the Property in accordance with changes in allowable rent and income tables published by HUD and the State of California, provided however that the rent for the HOME units shall in no event be higher than the rent for the equivalent Assisted Unit. In no event shall Vista Del Rio charge any tenant more than the Affordable Rents prescribed for the Assisted Units pursuant to these Restrictions and as directed by the Executive Director.

4. RENT LIMITATIONS. Vista Del Rio, its successors and assigns shall not charge rents for the Assisted Units in excess of the amounts set forth herein, as adjusted on the basis of the revised schedules of Area Median Income issued from time-to-time by HUD. The Executive Director shall notify Vista Del Rio in writing of the adjusted allowable maximum incomes and rents.

5. MANAGEMENT PLAN. Vista Del Rio shall adopt and include as part of its Management Plan (described in Section 11 below), written tenant selection policies and criteria for the Assisted Units, that meet the following requirements:

(a) Are consistent with the purpose of providing housing for Very Low Income households;

(b) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

(c) Give reasonable consideration to the housing needs of households that would have a preference under 42 CFR §906.211 (Federal selection preferences for admission to Public Housing);

(d) Provide for:

(i) The selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

(ii) The prompt written notification to any rejected applicant of the grounds for any rejection;

(e) To the extent allowed by applicable federal, state and local law, provide first priority in the selection of qualified eligible tenants to households that are referred by the City, Authority, or Successor Agency;

(f) Carry out the Affirmative Marketing procedures of the City of Santa Ana, which are designed to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area to the Assisted Units. Vista Del Rio, the City and Successor Agency shall cooperate to effectuate this provision prior to the initial renting, or upon occurrence of a vacancy, and the re-renting of any Assisted Units (24 CFR 92.351); and

(g) The Project shall serve the needs of individuals and families who require special needs housing, specifically persons with disabilities. For purposes of this Section, the term "persons with disabilities" includes, but is not limited to, any physical or mental disability as defined in Government Code Section 12955.3. The Project shall be designed for occupancy by persons with disabilities, by, for example, including design features that makes the Project physically accessible to people with mobility impairments. To the extent permitted by law, Vista Del Rio shall lease each of the forty Assisted Units (not including the manager's unit) to persons with disabilities or to families which include one or more persons with disabilities.

6. **RENTAL VOUCHER TENANTS.** Vista Del Rio, its successors and assigns, shall not refuse to lease an Assisted Unit to a holder of a rental voucher under 24 CFR part 887 (Housing Choice Voucher Program) or to a holder of a comparable document evidencing participation in a HOME tenant-based assistance program because of the status of the prospective tenant as a holder of such certificate of family participation, rental voucher, or comparable HOME tenant-based assistance document. Total rents charged to such tenants, including the tenant contribution and rental assistance, shall not exceed the allowable rents as described above.

7. **LEASE PROVISIONS.** Any lease of any of the Assisted Units must be for not less than one year. The lease may not contain any of the following provisions (in which references to "owner" shall mean the Vista Del Rio, its successors or assigns):

(a) Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

(b) Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the Assisted Unit after the tenant has moved out of the Assisted Unit. The owner may dispose of this personal property in accordance with state law;

(c) Agreement by the tenant not to hold the owner or the owner's agent legally responsible for any action or failure to act, whether intentional or negligent;

(d) Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

(e) Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(f) Agreement by the tenant to waive any right to a trial by jury;

(g) Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

(h) Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

8. SUCCESSORS AND ASSIGNS. Vista Del Rio, its successors or assigns, must adhere to state law requirements with regard to termination of tenancy.

9. MAINTENANCE OF PROPERTY. Vista Del Rio shall, at its sole cost and expense, maintain or cause to be maintained the interior and exterior of the Project and all Assisted Units thereof and the Property in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards (HQS) and the maintenance standards required by Section 92.251 of the HOME Regulations, and in accordance with the standard of maintenance of first class apartments within Orange County, California. None of the Assisted Units in the Project shall at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Vista Del Rio fails to maintain the Project or the Property in accordance with this Agreement and such condition is not corrected within five (5) Business Days after written notice from City, Authority, or Successor Agency with respect to graffiti, debris, and waste material, or thirty (30) days after written notice from City, Authority, or Successor Agency with respect to general maintenance, landscaping and building improvements, then City and Successor Agency, in addition to whatever remedy they may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Property and perform all acts and work necessary to protect, maintain, and preserve the Project and the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City, Authority, and Successor Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Vista Del Rio to City, Authority, or Successor Agency, as applicable, upon demand. The liens created under this Section shall be subject and subordinate to the lien of the mortgage or deed of trust encumbering the Property (or any part of the Property) for the Senior Loan approved pursuant to the terms of the DDA. The City, Authority and/or Successor Agency shall inspect the Property annually after the date of issuance of the Release of Construction Covenants as described in Section 310 of the DDA and Vista Del Rio shall cooperate with the City, Authority, and Successor Agency to make the Property and all Assisted Units thereon available for such inspection.

Vista Del Rio shall not remove, demolish or materially alter any Improvement without City's prior consent, except to make non-structural repairs which preserve or increase the Property's value,

and shall promptly restore, in a good and professional manner, any Improvement (or other aspect or portion of the Property) that is damaged or destroyed from any cause.

10. NONDISCRIMINATION COVENANTS

10.1 Obligation to Refrain from Discrimination. Vista Del Rio covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Vista Del Rio itself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

10.2 Nondiscrimination in Employment. Vista Del Rio certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Section 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. Section 1324b, *et seq.*, 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, Cal. Government Code Section 12900, *et seq.*, the California Equal Pay Law, Cal. Labor Code Section 1197.5, Cal. Government Code Section 11135, the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, and all other applicable anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended.

10.3 Statutory Nondiscrimination Covenants. Except to the extent preferences are permitted or required by this Agreement, Vista Del Rio covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Vista Del Rio shall refrain from restricting the rental, sale or lease of the Property or any portion thereof on the basis of any of the characteristics listed above. Vista Del Rio shall also comply with the equal opportunity and fair housing requirements set forth in Section 92.350 of the HOME Regulations. The foregoing covenants shall run with the land. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In Deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account

of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

(b) In Leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

10.4 In Affordable Housing Restrictions. The foregoing covenants shall (a) be included in the Affordability Restrictions on Transfer of Property, (b) run with the land, and (c) remain effective for the Term hereof.

11. MANAGEMENT OF PROJECT. Not later than five (5) business days prior to the execution of the documents, Vista Del Rio shall submit to the Executive Director a Management Plan in a form that is acceptable to the Executive Director, including, but not limited to, the components listed below. Approval of the Management Plan must be obtained from the Executive Director not later than the time for the Closing. Vista Del Rio shall manage the Assisted Units in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by the Executive Director, for the term of the income and rent restrictions contained in these Restrictions. The components of the Management Plan shall include:

(a) Management Agent. Vista Del Rio shall submit the name and qualifications of the proposed Management Agent. The Executive Director shall approve or disapprove the proposed Management Agent in writing based on the experience and qualifications of the Management Agent. The John Stewart Company is hereby approved as the initial Management Agent.

(b) Management Agreement. Vista Del Rio shall submit a copy of the proposed management agreement specifying the amount of the management fee, and the relationship and division of responsibilities between Vista Del Rio and Management Agent. Such management agreement (including the management fee) shall be reasonably acceptable to the Executive Director.

(c) Project Operating Budget. Prior to the Closing, and annually thereafter not later than 60 days prior to the beginning of the next Calendar Year, Vista Del Rio shall submit a projected operating budget and cash flow ("Operating Budget") to the Executive Director. The Operating Budget and cash flow shall be in a form that is reasonably acceptable to the Executive Director. Vista Del Rio must promptly deposit all revenue received with respect to the Project directly into a segregated, interest-bearing depository account established exclusively for the Project ("Project Operating Account"). Withdrawals from the Project Operating Account may be made only in accordance with the provisions of the Loan Agreement and the Operating Budget approved annually by the Executive Director, as it may be revised from time to time with City, Authority, and Successor Agency approval. Vista Del Rio may make withdrawals from the Project Operating Account solely for the payment of Project expenses and Project fees included in the approved Operating Budget. Withdrawals from the Project Operating Account for other purposes may be made only with the prior written approval of the Executive Director. Further, Vista Del Rio shall obtain the prior written approval of the Executive Director for any expenditure from the Project Operating Account that exceeds by ten percent (10%) or more the amount set forth for the applicable line item in the Operating Budget and/or for any expenditure that would, cumulatively with all prior expenditures in the applicable year, exceed the total approved annual Operating Budget for the Project by ten percent (10%) or more.

(d) Tenant Selection Policies. Vista Del Rio shall include in the Management Plan the tenant selection policies in accordance with Section 5, above.

If at any time the City, Authority, or Successor Agency determines that the Assisted Units are not being managed or maintained in accordance with the approved Management Plan, Vista Del Rio shall change the Management Agent or the practices complained of, upon receipt of written notice from the Executive Director. The Executive Director may require Vista Del Rio to change management practices or to terminate the management contract and designate and retain a different Management Agent. The management agreement shall provide that it is subject to termination by Vista Del Rio without penalty, upon thirty (30) days prior written notice, at the direction of the Executive Director. Within ten (10) days following a direction of the Executive Director to replace the Management Agent, the Vista Del Rio shall select another Management Agent or make other arrangements satisfactory to the Executive Director or designee for continuing management of the Assisted Units.

12. COVENANTS. The covenants established in these Restrictions and any amendments hereto approved by the City, Authority, Successor Agency and Vista Del Rio shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, Authority, the Successor Agency, and their respective successors and assigns. These Restrictions shall remain in effect for fifty-five (55) years from the recordation of the Release of Construction Covenants ("Term"). With the consent of Vista Del Rio, the City, Authority, or Successor Agency may, in its discretion, agree to defer repayment of the Loans or the City, Authority, and Successor Agency may agree to such reasonable modifications to the requirements of these Restrictions, as they may determine are necessary for the continued maintenance and operation of the Assisted Units. The covenants against discrimination shall remain in effect for the Term of these Restrictions.

13. DISBURSEMENT. Vista Del Rio shall not request disbursement of any proceeds of the Loans until the funds are needed to pay eligible costs. The City shall have the right to disapprove any request if the City determines the request is for an ineligible item or is otherwise not in compliance with or inconsistent with the Loan Agreement and these Restrictions [24 CFR 92.504 (c)(10)].

14. REPORTS. Vista Del Rio shall prepare, maintain and submit to the City and/or the Authority, as appropriate, the following records and reports in compliance with 24 CFR 92.504 (c) (12):

a. Annual Reports. Vista Del Rio shall file with the City an Annual Report (herein referred to as the “Annual Report”) within one hundred twenty (120) days following the end of each calendar year, commencing with the end of the calendar year (or portion thereof) in which the Real Estate Closing occurs. The Annual Report shall contain a certification by Vista Del Rio as to such information as the City Executive Director may then require, including, but not limited to, the following:

(1) The fiscal condition of the Project, including the Annual Budget and Project Cash Flow report required by Section 12.5 of the Loan Agreement which shall include an audited financial statement for the previous calendar year that includes a balance sheet and a profit and loss statement indicating any surplus or deficit in operating accounts (including a calculation of the Residual Receipts available to make payments on the Loans); a detailed itemized listing of income and expenses; and the amounts of any fiscal reserves. Such Annual Budget and audited financial statement shall be prepared in accordance with generally accepted accounting practices, consistently applied (and in accordance with Section 15.5 of the Loan Agreement).

(2) Any substantial physical defects in the Project, including a description of any major repair or maintenance work undertaken or needed in the previous and current years. Such statement shall describe what steps Vista Del Rio has taken in order to maintain the Project in a safe and sanitary condition in accordance with applicable housing and building codes and the property standards set forth in 24 CFR 92.251.

(3) The occupancy of the Assisted Units indicating the income of each current resident and the current rents charged each resident and whether those rents include utilities, including records that demonstrate that the Project meets the requirements of 24 CFR 92.253 for tenant and participant protection under the HOME Program.

(4) General management performance, including tenant relations and other relevant information.

(5) Records that demonstrate that the Assisted Units meet the affordability requirements of 24 CFR 92.252, 50052.5 and 50053(b)(1) of the California Health and Safety Code, for the required period of affordability according to section 33334.3 of the California Health and Safety Code.

(6) Evidence of a currently paid hazard insurance policy in accordance with the requirements of Section 6 of the Deeds of Trust, with a loss payable endorsement naming the Successor Agency, Authority, and City as a loss payee(s) together with other approved lenders (as their interests may appear), with a “Replacement Cost Endorsement” in amount sufficient to prevent

Vista Del Rio, Successor Agency, Authority, or City from becoming a co-insurer under the terms of the policy, but in any event in an amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by the Executive Director.

(7) Evidence of a currently paid liability insurance policy, naming the City as additional insured and in a form approved by the City Attorney with coverage as described in the Loan Agreement.

(8) Termite reports pertaining to the Property every fifth (5th) year.

(9) Such other information as may be reasonably required by the Executive Director or their designee(s).

b. Records and Audits. Vista Del Rio shall maintain the following general program records, and make them available for inspection by the City, the State or HUD:

(1) records which demonstrate that the project meets the property standard specified in 24 CFR 92.251;

(2) records, for each HOME Unit, which demonstrates that the project meets the requirements of 24 CFR 92.252.

(3) records which demonstrate compliance with the tenant and participant protections, as specified in 24 Section 29.253;

(4) records which demonstrate compliance with the Equal Opportunity and Fair Housing requirements outlined in these Restrictions, including:

(A) data on the extent to which each racial and ethnic group and single head of household (by gender of head of household) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME Program funds;

(B) documentation of actions undertaken to meet the equal opportunity requirements of 24 CFR 92.350, which implements Section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. § 1701u);

(C) documentation and data on the steps taken to implement Vista Del Rio's outreach programs to minority-owned and women-owned businesses to meet the minority outreach requirements of 24 CFR 92.350;

(5) documentation of the steps taken to carry out an affirmative marketing program in accordance with 24 CFR 92.351, if applicable;

(6) if applicable, records which demonstrate compliance with the requirements relating to relocation of displaced persons, as described in 24 CFR 92.353. At a minimum, these shall include project occupancy lists identifying the name and address of all persons occupying the project property up until the date of the Real Estate Closing (i.e., the date on which Vista Del Rio obtained site control);

(7) records concerning lead-based paint in accordance with 24 CFR 92.355;

(8) if applicable, records which support any requests for waivers of the conflict of interest prohibition as stated in 24 CFR 92.356;

(9) records of certifications of contractor qualifications as they relate to the debarment and suspension requirement as stated in 24 CFR 92.357 and 24 CFR Part 24; and

(10) any other reports issued by other monitoring agencies.

c. All records, accounts, documentation and other materials pertaining to the Project must be retained for the most recent five year period, except that construction records may be retained for five years after the date the Release of Construction Covenants is recorded against the Property and records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five year period, until five years after expiration of the Term hereof. Vista Del Rio shall cooperate with the City to retain all books and records relevant to the Loan Agreement for a minimum of five years after the expiration of the Term of the Loan Agreement and any and all amendments hereto, or for five years after the conclusion or resolution of any and all audits or litigation relevant to the Loan Agreement, whichever is later. The City, the Successor Agency, the State, the Office of the Auditor General of HUD, and/or their representatives shall have unrestricted reasonable access to all locations, books, and records for the purpose of monitoring, auditing, or otherwise examining said locations, books, and records with or without prior notice.

d. If so directed by the Successor Agency, Authority, City, the State or HUD upon termination of the Loan Agreement, Vista Del Rio shall cause all records, accounts, documentation and all other materials relevant to the work to be delivered to the Successor Agency, Authority, City, the State or HUD, as depository.

e. All records, accounts, documentation and other materials relevant to the Project shall be accessible at any time to the authorized representatives of the Successor Agency, Authority, City, the State or HUD, on reasonable prior notice, for the purpose of examination or audit.

f. Pursuant to 24 CFR Part 44, the City shall perform an annual audit at the close of each calendar year in which these Restrictions are in effect. Vista Del Rio shall reasonably cooperate with City in performing such audit.

15. THIRD PARTY BENEFICIARY. The Housing Authority of the City of Santa Ana (“Authority”) is an intended third party beneficiary of the terms and provisions of these Restrictions and the covenants herein, with full right (but no obligation) to enforce the terms, provisions, and covenants contained herein. City, Authority, Successor Agency and Authority are each beneficiaries hereunder, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these Restrictions and the covenants running with the land have been provided. The City, Authority, and Successor Agency shall have the right if the covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which they or any other beneficiaries of these Restrictions and covenants are entitled.

16. COVENANTS RUN WITH LAND. The covenants and agreements contained herein shall run with the land and not be personal obligations of Vista Del Rio.

17. TRANSFERS OF INTEREST IN PROPERTY OR AGREEMENT

17.1 **Prohibition.** The qualifications and identity of Vista Del Rio are of particular concern to the Successor Agency, Authority, and City. It is because of those qualifications and identity that Successor Agency, Authority, and City have entered into the Loan Agreement and the other Project Documents with Vista Del Rio. Therefore, for the period commencing upon the date of the Loan Agreement and until the expiration of the Term hereof, no voluntary or involuntary successor in interest of Vista Del Rio shall acquire any rights or power under the Loan Agreement or these Restrictions, nor shall Vista Del Rio make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Property or the Improvements thereon (collectively, "Transfer") without prior written approval of the Successor Agency, Authority, and City, except as expressly set forth herein. Any proposed total or partial Transfer without Successor Agency, Authority, and City approval shall constitute a Default pursuant to Article 20, *et seq.*, hereof.

17.2 **Permitted Transfers.** Notwithstanding any other provision of the Loan Agreement or these Restrictions to the contrary, Successor Agency, Authority, and City approval of a Transfer shall not be required in connection with any of the following:

(a) Any Transfer to an entity or entities in which Vista Del Rio directly or indirectly retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Improvements.

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Successor Agency, Authority, and Authority pursuant to Section 311 of the DDA), including the grant of a deed of trust to secure the funds necessary for construction and permanent financing of the Improvements.

(d) Removal of the investor limited partner of Vista Del Rio upon the expiration of the fifteen (15) year tax credit compliance period applicable to the Project.

(e) A Transfer of a General Partner's interest in Vista Del Rio when made in connection with the exercise by the Limited Partner of its rights upon a default by a General Partner under the Partnership Agreement or upon a General Partner's withdrawal in violation of the Partnership Agreement, so long as the removal and substitution of the defaulting General Partner is made within thirty (30) days of such default or, if such removal and substitution cannot reasonably be completed within thirty (30) days, so long as the Limited Partner commences to take action to remove and substitute the General Partner with a reasonable period and thereafter diligently proceeds to complete such substitution.

(f) Any Transfer of the Property to the Managing General Partner or the Goodwill Special Limited Partner pursuant to the right of first refusal or to the Managing General Partner or the Goodwill Special Limited Partner pursuant to the purchase option, as provided for in the Partnership Agreement.

(g) Any sale, transfer or other disposition of an interest in the Limited Partner.

(h) Any sale, transfer or other disposition of the Limited Partner's interest in Vista Del Rio as allowed by the Partnership Agreement.

In the event of a Transfer by Vista Del Rio described above not requiring the City's, Authority's, or Successor Agency's prior approval, Vista Del Rio nevertheless agrees that at least thirty (30) days prior to such assignment it shall give written notice to Successor Agency/City/Authority of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement all of Vista Del Rio's obligations set forth in the Loan Agreement and these Restrictions. Upon the satisfaction of said obligations and the Transfer, the assignor shall be released from all obligations to the Successor Agency, Authority, and City hereunder (except obligations to indemnify the Successor Agency, Authority, and City pursuant to Section 14.5 and Article 18, *et seq.*, of the Loan Agreement).

17.3 Successor Agency/Authority/City Consideration of Requested Transfer. Successor Agency, Authority, and City agree that they will not unreasonably withhold, condition or delay approval of a request for approval of a Transfer made pursuant to this Section 17.3, provided Vista Del Rio delivers written notice to the Successor Agency/Authority/City requesting such approval. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Successor Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 17.3 and as reasonably determined by the Successor Agency/Authority/City. The Successor Agency/Authority/City shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience in the construction of facilities similar to the Improvements, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 17.3 applies, which the Successor Agency/Authority/City determines does not possess equal or better qualifications than the transferring developer. An assignment and assumption agreement in a form satisfactory to the Successor Agency/Authority/City's legal counsel shall also be required for all proposed assignments. Within fifteen (15) days after the receipt of Vista Del Rio's written notice requesting Successor Agency approval of an assignment or transfer pursuant to this Section 17.3, the Successor Agency/Authority/City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Successor Agency/Authority/City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Vista Del Rio shall promptly furnish to the Successor Agency/Authority/City such further information as may be reasonably requested and the Authority, Successor Agency and City shall approve or disapprove the requested Transfer within fifteen (15) days after receipt of all such requested information.

17.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon Vista Del Rio and its permitted successors and assigns. Whenever the term "Vista Del Rio" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

18. ENFORCEMENT OF AGREEMENTS. The Loan Agreement and all of its attachments shall be enforceable by City, Successor Agency and Authority in accordance with the terms thereof. Each of the Loan Agreement, these Restrictions, the City/HOME Loan Note, the Agency Loan Note,

the City/HOME Loan Deed of Trust, and the Agency Loan Deed of Trust provide a means of enforcement by the City, Authority and the Successor Agency if Vista Del Rio is in breach of its obligations hereunder and thereunder, including liens on the Property, deed restrictions and covenants running with the land [24 CFR 92.504 (c) (13)].

19. SUBORDINATION OF AFFORDABILITY RESTRICTIONS. In the event the Executive Director finds that an economically feasible method of financing for the construction and operation of the Project without the subordination of the Affordability Restrictions is not reasonably available, Executive Director may agree to subordinate the covenants contained in the Affordability Restrictions to the Senior Loan and/or the Tax Credit Regulatory Agreement, subject to the terms of this Section 19. Each and any subordination agreement evidencing or affirming Successor Agency's, Authority's and City's subordination of the Affordability Restrictions entered into by Successor Agency, Authority, and/or City shall contain written commitments which the Executive Director finds are reasonably designed to protect Successor Agency's, Authority's and City's investment in the Project in the event of default; any such subordination agreement(s) shall contain contractual obligation of such Senior Lender to include, without limitation, the following: (a) concurrent delivery to Successor Agency, Authority, and City of a true copy of each and any notice provided by the Senior Lender for the Project to Vista Del Rio (as its borrower) during the term of the Senior Loan for the Project; (b) a reasonably extended cure period and right to Successor Agency, Authority, and City to cure and assume the Senior Loan, and/or other senior lien(s) for the Project upon the same terms applicable to the approved financing to Vista Del Rio pursuant to the loan documents applicable thereto with such right, but with no obligation, to the Successor Agency, Authority, and City being available both from the date of issuance of any notice of default through and after the recordation of a formal Notice of Default by the Senior Lender for the Project pursuant to applicable California Code of Civil Procedure foreclosure requirements, and (c) a right of Successor Agency, Authority, and City to cure a default on each of the senior loan(s) for the Project prior to foreclosure and after recordation of a Notice of Default pursuant to applicable California Code of Civil Procedure requirements; and such cure rights may also include: (1) a right of Successor Agency, Authority, and City to negotiate with the Senior Lender(s) for the Project after notice of default from the Senior Lender(s) and prior to foreclosure, (2) an agreement that if prior to foreclosure of the Senior Loan for the Project, Successor Agency, Authority, or City takes title to the Property and cures the default on the senior loan(s) for the Project, the Senior Lender(s) will not exercise any right it may have to accelerate the Senior Loan by reason of the transfer of title to Successor Agency, Authority, or City, and (3) a right of Successor Agency, Authority, and City to acquire Vista Del Rio's interest in the Property from Vista Del Rio at any time after a material default on the Senior Loan for the Project.

[Signatures appear on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused these Affordability Restrictions on Transfer of Property to be executed as of the date first set forth above.

SUCCESSOR AGENCY:

CITY OF SANTA ANA acting as
successor agency to the **COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY
OF SANTA ANA**, a public body, corporate and
politic

By: _____
Paul Walters, Interim City Manager

ATTEST:

Maria D. Huizar, Secretary

AUTHORITY:

**HOUSING AUTHORITY OF THE CITY OF
SANTA ANA**, a public body corporate and politic

By: _____
Nancy T. Edwards,
Interim Executive Director

APPROVED AS TO FORM

By: _____
Lisa E. Storck
Assistant Counsel

[Signature block continues on following page.]

CITY:

CITY OF SANTA ANA, a municipal corporation

By: _____
Paul Walters, Interim City Manager

ATTEST:

Maria D. Huizar, Clerk of the Council

APPROVED AS TO FORM

By: _____
Lisa E. Storck
Assistant City Attorney

[Signature block continues on following page.]

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

[End of Signatures.]

EXHIBIT C

FREE RECORDING REQUESTED PURSUANT
TO GOVERNMENT CODE SECTION 27383

When Recorded Mail to:

City of Santa Ana
20 Civic Center Plaza
P.O. Box 1988
Santa Ana, California 92702
Attn: Executive Director

**CITY/HOME LOAN
DEED OF TRUST
AND ASSIGNMENT OF RENTS**

This CITY/HOME 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, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California (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 ("City"), 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 City/HOME Loan Note secured by Subordinated Deed of Trust to the City of Santa Ana, California, to the Beneficiary executed by Trustor, dated concurrently herewith in the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) (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 Successor Agency ("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, Successor Agency and the 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 Successor Agency, 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. The 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: City Manager, 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 City 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 City 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. Successor Agency 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 City/HOME 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: _____
Deborah A. Willard
Its: President

EXHIBIT D

**CITY/HOME LOAN NOTE
SECURED BY SUBORDINATED DEED OF TRUST
TO THE CITY OF SANTA ANA, CALIFORNIA**

\$1,500,000.00

March ___, 2012
Santa Ana, California

1. Principal Amount of City/HOME 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 ("City"), at 20 Civic Center Plaza, 3rd Floor, Santa Ana, California 92702, or at such other place as the City may from time to time designate in writing, or to the assignee of the City, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) 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, 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 City of Santa Ana, acting as successor agency to the Community Redevelopment Agency for the City of Santa Ana ("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 City/HOME Loan Note in the Loan Agreement. This Note is secured by that certain City/HOME Loan Deed of Trust and Assignment of Rents between Borrower and City, dated concurrently herewith ("City/HOME 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 Note, the Agency Loan Deed of Trust, the Agency Transfer 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 City pursuant to this Note, the following terms shall have the following respective meanings:

“**City/HOME 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:

(a) 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.

(b) 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:

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

(d) 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 City; 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.

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

(f) deposits into required reserves

(g) payments due on any deferred Developer Fees;

(h) 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 Agreement.

"Property" shall mean the real property located at 1600 West Memory Lane, Santa Ana, California, described in the City/HOME 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 JP Morgan Chase Bank, N.A., concurrent to the City/HOME 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. City/HOME Loan Repayment.

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

4. Reserved.

5. Annual City/HOME Loan Repayment.

a. Borrower shall make a City/HOME Loan payment to the City annually, in the amount of the lesser of the outstanding balance due under this Note or the City’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 City 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 City/HOME Loan payment then due.

c. The Borrower shall pay to the City seventy-five percent (75%) of the Residual Receipts (“City’s Percentage of Residual Receipts”) as payment of principal and interest under the City/HOME 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 tax increment funds from the Successor Agency in the original principal amount of \$469,000 (“Agency Loan”). The City’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 Agency Loan, as follows: 24% of the City’s Percentage of Residual Receipts will be applied to repay the Agency Loan and 76% of the City’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 Agency Loan, the entire City’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. City/HOME Loan Repayment from Refinancing Proceeds.

The Borrower shall make a City/HOME Loan payment to the City 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 City'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 City fifty percent (50%) of the Refinancing Proceeds ("City'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 City/HOME Loan. The City shall not be required to reconvey the lien of the City/HOME Loan Deed of Trust if Refinancing Proceeds are insufficient to repay the City/HOME Loan in full. While any amounts owing under the Agency Loan remain unpaid, the City's Percentage of the Refinancing Proceeds shall be allocated between repayment of this Note and the Agency Loan Note in the same manner as the City's Percentage of Residual Receipts as described in Section 5.c.

8. City/HOME Loan Repayment from Sale Proceeds.

The Borrower shall make a City/HOME Loan payment, not to exceed the outstanding balance of principal and interest on this Note, to the City from any Sale that occurs during the term of the City/HOME Loan, to the extent of the City'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 City fifty percent (50%) of the total Sale Proceeds ("City'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 City/HOME Loan. The City shall not be required to reconvey the lien of the City/HOME Deed of Trust if Sale Proceeds are insufficient to repay the City/HOME Loan in full. While any amounts owing under the Agency Loan remain unpaid, the City's Percentage of the Sale Proceeds shall be allocated between repayment of this Note and the Agency Loan Note in the same manner as the City'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 City shall have the second right of refusal, 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 City/HOME 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 City/HOME Loan, the City approves such sale and the purchaser assumes the balance of the City/HOME 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 City/HOME Loan, the City 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 City or Successor Agency to Borrower with respect to the Property; or

d. On the Maturity Date, the City 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 City 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 City pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the City 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 City within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the City 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 City 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 City hereunder or under any of the other Loan Documents, Borrower shall indemnify the City against, and shall pay the City 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 City 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 City setting forth the basis for the determination of the amounts necessary to indemnify the City in respect of such expenses or direct loss, submitted to Borrower by the City, shall be conclusive and binding for all purposes except as immediately corrected by Borrower notice to City.

14. Security

This Note is secured by the City/HOME Loan Deed of Trust.

15. Acceleration by Reason of Transfer or Financing.

a. In order to induce City to make the City/HOME 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 City (other than a Transfer resulting from a foreclosure by, or conveyance by deed in lieu of foreclosure to, the holder of the Senior Loan Deed of Trust), City 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. City 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 City.

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 City (which consent City may grant or deny in its sole discretion), then the entire outstanding balance of the City/HOME Loan together with all accrued and unpaid interest, shall be repaid to the City 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 City (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, City may declare all sums evidenced hereby immediately due and payable by delivery to the Trustee named in the City/HOME 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 City may foreclose on the City/HOME Loan Deed of Trust. City shall also deposit with Trustee the City/HOME 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 City 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 City/HOME 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 City/HOME Loan is a nonrecourse obligation of the Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of the City/HOME Loan or for any other amounts under any of the documentation evidencing, securing or describing the City/HOME Loan. The sole recourse of City under this Note and the City/HOME Loan Deed of Trust for repayment of the City/HOME 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 City that the City/HOME 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 City and such Senior Lender enter into a subordination agreement providing notice and cure rights to City that are reasonably acceptable to the Executive Director and consistent with the requirements of Section 20 of the Affordability Restrictions.

b. City acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the 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. City 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 City/HOME 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 City shall give written notice of default to the Borrower and Borrower's limited partner specifying the default complained of by the City. 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 City to be reasonably necessary to correct the default).

d. Any failures or delays by the City 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 City in asserting any of its rights and remedies shall not deprive the City 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 City/HOME Loan Deed of Trust, prior to exercising any remedies thereunder City 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 City/HOME Loan Deed of Trust, prior to exercising any remedies thereunder, City 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 City 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 City. In no event shall City 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 City 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 City 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 City/HOME Loan in balance and rebuild the Project in a manner that provides adequate security to City for repayment of the City/HOME Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) City 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 City/HOME Loan in a manner that provides adequate security for repayment of the remaining balance of the City/HOME 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 City or any other public or governmental City or entity (except that any act or failure to act of City shall not excuse performance by City); 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 City and the Borrower.

26. Assignments.

The City, and any assignee of the City, 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. Successor Agency and Authority Right to Enforce.

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

{Signatures appear on following page}

This City/HOME 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