

Recording Requested by  
and when Recorded, return to:

Lake County Housing Commission  
255 N. Forbes Street  
Lakeport, CA 95453  
Attn: Administrator

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383, and  
27388.1

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS  
(PLHA LOAN)**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "PLHA Regulatory Agreement") is made and entered as of [\_\_\_\_\_], by and among the Lake County Housing Commission, a public body, corporate and politic ("Lender"), and Collier Avenue Associates LP, a California limited partnership ("Owner" or, collectively with Lender, "Parties") with reference to the following:

**RECITALS**

A. Owner is the owner of certain real property located generally at 6853 Collier Avenue in the unincorporated area of Nice in the County of Lake, California (the "Property"). The Property is more particularly described in Exhibit A.

B. The Lender agreed to provide a loan to the Owner consisting of funds received by the Lender from the State of California Department of Housing and Community Development ("HCD") pursuant to the Permanent Local Housing Allocation program (the "PLHA Program") established pursuant to California Health & Safety Code Section 50470, for the construction and operation of an affordable housing development generally consisting of forty (40) multifamily housing units, including one (1) manager's unit, and related improvements on the Property (the "Project").

C. The purpose of this PLHA Regulatory Agreement is to establish rental restrictions on a portion of the residential units within the Project for the period set forth in this PLHA Regulatory Agreement, and to provide for the continuous availability of such restricted units as affordable housing to households at the income level specified below.

D. This PLHA Regulatory Agreement shall run with the land and shall bind Owner and all of Owner's successors in interest as owners of the Property.

NOW, THEREFORE, in consideration of the foregoing and the benefits secured by Owner and Lender, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. RECITALS. The foregoing recitals are a part of this PLHA Regulatory Agreement.

2. DEFINITIONS. In addition to the terms defined elsewhere in the PLHA Regulatory Agreement, the following terms shall have the following meanings:

A. "Extremely Low Income Household" means an Adjusted Income that is less than or equal to the maximum income for extremely low income households, adjusted for actual household size, as calculated pursuant to Health and Safety Code Section 50106 and published annually for Lake County by HCD in Title 25, Section 6932, California Code of Regulations, or any successor provision.

B. "Extremely Low Income Units" shall mean the nineteen (19) units which, pursuant to Section 4, below, are required to be occupied by Extremely Low Income Households, and are subject to the requirements of this PLHA Regulatory Agreement.

C. "Median Income" shall mean the median income adjusted for household size applicable to Lake County as determined annually by HCD.

D. "Rent" shall mean the monthly total of payments by the tenants of a Unit for the following: use and occupancy of the Unit and associated facilities, including parking; the separately charged fees or service charges assessed by Owner which are required of all tenants, other than security deposits; the allowance for utility costs paid by the tenant estimated in accordance with regulations promulgated by the California Tax Credit Allocation Committee, including electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service; any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Owner, and paid by the Tenant.

E. "Tenant" shall mean an occupant of any one of the Units.

F. "Unit" shall mean the Extremely Low Income Units.

3. TERM OF AGREEMENT, RUNS WITH THE LAND. The term of this PLHA Regulatory Agreement (the "Term") shall commence on the date first written above, and this PLHA Regulatory Agreement shall remain in full force and effect until the earlier of: (i) fifty-seven (57) years after the date of the recordation of this PLHA Regulatory Agreement in the official records of Lake County; or (ii) fifty-five (55) years after the date the first building located on the Property is constructed and obtains a certificate of occupancy, or equivalent document, from the Lender, unless terminated earlier by Lender pursuant to the terms of this PLHA Regulatory Agreement or extended by the mutual consent of the Parties. The covenants set forth herein shall be covenants running with the land (as they may be amended from time to time) and shall inure to the benefit of and be enforceable by Lender while Lender maintains any interest in the Property and shall be binding upon Owner and/or any other party having any right, title or interest in the Property

(including any portion thereof). By accepting title, Owner, or any other person who acquires an ownership interest in the Property, agrees (a) that all covenants and restrictions created by this PLHA Regulatory Agreement are necessary in order to preserve the stock of affordable housing for Extremely Low Income Households and are reasonable in light of their purposes, and (b) to abide by each and every covenant and restriction herein.

#### 4. RENTAL AND OCCUPANCY REQUIREMENTS

A. Throughout the Term, the Units in the Project shall be occupied by Extremely Low Income Households (other than any time prior to the completion of construction of the Project). Each Extremely Low Income Household is subject to annual certification and Owner is authorized to immediately terminate, subject to applicable law, the tenancy of any Household one or more of whose members misrepresented any fact material to the Household's qualification as an Extremely Low Income Household.

B. Annual Rents for the Extremely Low Income Units occupied by an Extremely Low Income Household shall be restricted to no more than 30% of 30% of Median Income, adjusted for number of bedrooms, assumed household size and applicable utility allowances.

C. Owner shall require each Extremely Low Income Unit to be subject to a rental agreement in the form which may be subject to approval by Lender and shall not lease any such Unit for less than six months or for more than one year.

D. Owner shall comply with all applicable requirements of the PLHA Program governing the use and occupancy of the Extremely Low Income Units, including, but not limited to, the operation of the Project as "permanent supportive housing" as defined in the guidelines for the PLHA Program.

5. MARKETING. Owner shall prepare and implement a marketing plan, subject to prior approval by Lender, which approval shall not be unreasonably withheld or delayed, which specifies how Owner intends to market the Extremely Low Income Units to prospective Extremely Low Income Households.

6. MAINTENANCE OF PROPERTY. Throughout the Term, at its sole cost and expense, Owner(s) shall keep the Property in good condition, order and repair and shall not commit waste or permit impairment, demolition or deterioration of the Property. Lender shall have the right to inspect the Property, provided the occupants of the Units are given written notice prior to any such inspection.

7. NO DISCRIMINATION. Owner covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner or any person claiming under or through Owner 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, subleases or vendees in the Property, except to the extent required by any public funding source utilized by the Owner for the construction and operation of the Project in accordance with applicable law.

8. NO IMPAIRMENT OF LIEN; SUBORDINATION. No violation or breach of the covenants, conditions, restrictions, provisions or limitation contained in this PLHA Regulatory Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted under this PLHA Regulatory Agreement. Upon written request from Owner, to the extent necessary to obtain financing for the construction and operation of the Project, the Lender shall execute a subordination agreement, in a form reasonably acceptable to the Parties and any other third party requiring such subordination, providing for the subordination of this PLHA Regulatory Agreement.

9. DEFAULTS AND REMEDIES. Upon substantial violation by Owner of this PLHA Regulatory Agreement, Lender shall give written notice to Owner, and each limited partner of Owner, specifying the nature of the violation. If Owner or any limited partner does not correct the violation to the satisfaction of Lender, in its sole discretion, within a reasonable period of time (which shall not be less than thirty (30) days and shall not exceed ninety (90) days) after its receipt of such notice, or within such further time as Lender, in its sole discretion, determines is necessary to correct the violation, Lender may immediately declare a default under this PLHA Regulatory Agreement and exercise any other remedies permitted at law or in equity. Lender agrees to accept cure from any limited partner of Owner.

10. SUCCESSOR AND ASSIGNS. This PLHA Regulatory Agreement shall bind, and the benefit shall inure to, Owner and his or her heirs, legal representatives, executors, successors in interest and assigns, and Lender and its successors and assigns for the term of this PLHA Regulatory Agreement as provided in Section 3.

11. SUPERIORITY OF AGREEMENT. Owner covenants that Owner has not, and will not, execute any other agreement with provisions contradictory to or in opposition of the provisions of this PLHA Regulatory Agreement, and that, in any event, this PLHA Regulatory Agreement is controlling as to the rights and obligations between Owner and Lender and their respective successors and assigns. Notwithstanding the foregoing, in the event that any Units are regulated under the provisions of: (a) Section 42 of the Internal Revenue Code or regulations promulgated thereunder; (b) the regulatory agreement to be recorded as required by the California Tax Credit Allocation Committee and its regulations; or (c) any other regulatory agreement required to be recorded in connection with any other governmental funding utilized for the Project (collectively, the "Government Restrictions"); the Government Restrictions shall prevail and control, and the "Rent" for such Units shall be the rent provided for under the Government Restrictions.

12. INVALID PROVISIONS. If any one or more of the provisions contained in this PLHA Regulatory Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this PLHA Regulatory Agreement, and this PLHA Regulatory Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

13. CONTROLLING LAW. The terms of this PLHA Regulatory Agreement shall be interpreted under the laws of the State of California.

14. NOTICES. All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

To Owner: Collier Avenue Associates LP  
c/o Rural Communities Housing Development Corporation  
499 Leslie Street  
Ukiah, CA 95482  
Attn: Chief Executive Officer

*With copy to:*

Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, CA 94612  
Attention: William DiCamillo

*With copy to:*

MCC Housing LLC  
c/o Merritt Community Capital Corporation  
1970 Broadway, Suite 250  
Oakland, California 94612  
Attention: President & CEO

*With copy to:*

Carle, Mackie, Power & Ross LLP  
100 B Street, Suite 400  
Santa Rosa, CA 95401  
Attention: Henry Loh II

To Lender: Lake County Housing Commission  
255 N. Forbes Street  
Lakeport, CA 95453  
Attn: Administrator

The Parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this PLHA Regulatory Agreement.

15. EXHIBITS. Any exhibits referred to in this PLHA Regulatory Agreement are incorporated in this PLHA Regulatory Agreement by such reference.

16. INDEMNITY. Owner shall defend, indemnify, and hold harmless Lender from all claims arising from or pertaining to the ownership, maintenance, or management of the Property and the Project.

17. COUNTERPARTS. This PLHA Regulatory Agreement may be executed in counterpart signatures all of which shall constitute one and the same document.

[SIGNATURES ON FOLLOWING PAGE]

\* \* \* \* \*

**IN WITNESS WHEREOF** the foregoing PLHA Regulatory Agreement is executed on  
the date and year first above-written.

**LENDER:**

LAKE COUNTY HOUSING COMMISSION, a  
public body, corporate and politic

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to Legal Form:  
LENDER COUNSEL

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

*Signatures continue on following page*

**OWNER:**

Collier Avenue Associates LP, a California limited partnership

By: Collier Avenue Associates LLC, a  
California limited liability company, its  
general partner

By: Rural Communities Housing  
Development Corporation, a  
California nonprofit public benefit  
corporation, its sole member

By: \_\_\_\_\_  
Ryan LaRue  
Chief Executive Officer

## ACKNOWLEDGMENT

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

STATE OF CALIFORNIA )

)

COUNTY OF \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Name: \_\_\_\_\_

Notary Public

## **EXHIBIT A**

### **Legal Description of Property**