

RESOLUTION NO. 2021-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA APPROVING A COMMITMENT TO ENTER INTO A PREPAYMENT AGREEMENT WITH THE COMMUNITY HOUSING OPPORTUNITIES CORPORATION (CHOC) TO PREPAY LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES SPECIAL ASSESSMENTS (CFD 2005-1) FOR THE COACHELLA VALLEY APARTMENT LOW INCOME HOUSING PROJECT.

WHEREAS, CHOC “Owner” owns certain real property located in the City of Coachella, through the Coachella Housing Project, LP a California limited partnership upon which CHOC owns and operates an existing multifamily affordable housing development consisting of twenty (20) existing residential units (the "Existing Development"). Owner intends to redevelop the Existing Development and increase the total number of units to fifty-six (56) (the "Project").; and

WHEREAS, the City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and, by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended; and

WHEREAS, the Property will be annexed into the CFD as a condition of approval and will be subject to the Special Assessment; and

WHEREAS, the Owner has requested that it be permitted to deposit fifty-five (55) years of the Special Assessments for the Property; and

WHEREAS, the City has agreed to make a loan to the Owner in order to prepay the Special Assessments, and the City and the Owner wish to enter into a loan and prepayment agreement to provide for the terms and conditions upon which the Special Assessments will be prepaid.; and

WHEREAS, the Owner needs the City Council to approve entering into these agreements to apply for project financing.

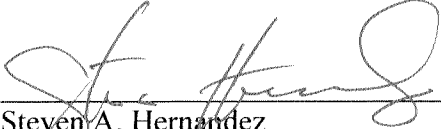
NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COACHELLA HEREBY RESOLVES AS FOLLOWS:

SECTION 1 – Council approves entering into a loan and prepayment agreement consistent with the terms outlined in Exhibits A (Loan Agreement) and B (Prepayment Agreement) with minor modifications as to exact wording for needed updates and to conform and to clarify as needed to facilitate the proper completion of the agreement subject to approval by the City Attorney.

SECTION 2 - The City Manager is authorized to enter into a prepayment and loan


agreement consistent with those agreements outlined in Exhibits A (Loan Agreement) and B (Prepayment Agreement) with any included changes as specified in Section 1 and approved by the City Attorney.

PASSED, APPROVED and ADOPTED this 10th day of February 2021.



Steven A. Hernandez
Mayor

ATTEST:



Angela M. Zepeda, City Clerk

APPROVED AS TO FORM:



Carlos Campos
City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

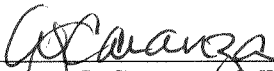
I HEREBY CERTIFY that the foregoing Resolution No. 2021-11 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 10th day of February 2021, by the following vote of Council:

AYES: Councilmember Beaman Jacinto, Councilmember Delgado, Councilmember Galarza, Mayor Pro Tem Gonzalez, and Mayor Hernandez.

NOES: None.

ABSENT: None.

ABSTAIN: None.



Andrea J. Carranza, MMC
Deputy City Clerk

AFFORDABLE HOUSING LOAN AGREEMENT
(Coachella Valley Apartments)

by and between

THE CITY OF COACHELLA

and

COACHELLA HOUSING PROJECT

AFFORDABLE HOUSING LOAN AGREEMENT

This Loan Agreement ("Agreement") is made as of _____ 2021 (the "Effective Date"), by and between the CITY OF COACHELLA, a California municipal corporation ("City" or "Lender") and COACHELLA HOUSING PROJECT, a California limited partnership ("Borrower") (collectively, the "Parties"). The City and the Borrower are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

A. WHEREAS, Borrower represents that it is an experienced developer of affordable multifamily housing;

B. WHEREAS, Borrower owns certain real property located in the City of Coachella, Riverside County, California, more particularly described in Exhibit A attached to this Agreement (the "Property") upon which Borrower operates an existing multifamily affordable housing development consisting of twenty (20) existing residential units (the "Existing Development"). The Borrower intends to redevelop the Existing Development and increase the total number of units to fifty-six (56) (the "Project");

C. WHEREAS, the City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, to finance a portion of the cost of providing law enforcement, fire and paramedic services within the CFD;

D. WHEREAS, the Property will be annexed into the CFD as a condition of approval, requiring Borrower to pay each fiscal year a Special Assessment in the amount of One Thousand Two Hundred Thirty-One Dollars and Eighty-Two Cents (\$1,231.82) per certified dwelling unit per year increasing annually based on the annual adjustment of the Consumer Price Index;

E. WHEREAS, substantial public welfare benefits to the City will be derived from the development of the Project as affordable housing and the City acknowledges that compliance with the Resolutions may cause undue financial hardship on the Borrower and the Project;

F. WHEREAS, notwithstanding the terms of the Resolutions, the City desires to permit the Borrower to prepay fifty –five (55) years of Special Assessments for the Project, commencing on the date that the Borrower obtains certificates of occupancy on all of the residential units in the Project; and

G. WHEREAS, in order to prepay the Special Assessments, the Borrower desires to obtain from Lender a loan (the "Loan") in the amount of THREE MILLION SEVEN HUNDRED NINETY FOUR THOUSAND Dollars (\$3,794,000) as described in this Agreement,

and Lender desires to lend to Borrower such funds, according to the terms and conditions described in this Agreement.

NOW, THEREFORE, Borrower and Lender hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

The following terms have the meanings set forth below wherever used in this Agreement, attached exhibits, or documents incorporated into this Agreement by reference.

1.1. "**BORROWER**" means Coachella Housing Project, a California limited partnership, along with any permitted assigns, transferees, or successors-in-interest. Borrower is also the owner of the Property and the developer of the Project.

1.2. "**CERTIFICATE OF OCCUPANCY**" means the final Certificate of Occupancy issued by the City to Borrower for the Project.

1.3. "**CFD**" means the City of Coachella Community Facilities District 2005-1 (Law Enforcement, Fire and Paramedic Services), as described in the Resolutions.

1.4. "**CITY**" means the City of Coachella, California.

1.5. "**COMMENCEMENT OF CONSTRUCTION**" means obtaining the first building permit necessary to undertake the Construction.

1.6. "**CONSTRUCTION**" and "**CONSTRUCTION WORK**" shall mean the construction of the Project.

1.7. "**DAYS**" shall mean calendar days unless otherwise specifically provided.

1.8. "**DEED OF TRUST**" means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing encumbering the Property as security for the Loan in the form attached hereto as Exhibit C and incorporated herein, executed and delivered by Borrower as trustor with Lender as beneficiary, as well as any amendments to and modifications and restatements of the Deed of Trust. The terms of the Deed of Trust are hereby incorporated into this Agreement by this reference.

1.9. "**LENDER**" means the City.

1.10. "**LOAN**" means the loan provided by Lender to Borrower pursuant to this Agreement in the original principal amount of Three Million Seven Hundred Ninety-Four Thousand Dollars (\$3,794,000).

1.11. "**LOAN DOCUMENTS**" means collectively this Agreement, the Deed of Trust, and the Note.

1.12. "**NOTE**" means that Promissory Note Secured by Deed of Trust to be executed by Borrower in favor of Lender evidencing the Loan in the form attached hereto as Exhibit B and incorporated herein, which is to be secured by the Deed of Trust, as well as any amendments to and modifications or restatements of the Note. The terms of the Note are hereby incorporated into this Agreement by this reference.

1.13. "**OPERATING EXPENSES**" shall mean actual, reasonable, customary costs, fees and expenses directly attributable to the operation, maintenance, taxes and management of the Project; expressly including, without limitation: mandatory debt service on Senior Loans; onsite administrative costs; maintenance costs (including materials and labor); payments to the operating reserve account (when the operating reserve balance does not exceed six months of budgeted operating expenses); reasonable and customary payments to a replacement reserve account (not to exceed actual contributions or \$28,000 whichever is less); payments to reserves required by Senior Lenders; utilities; permits and licenses; sewer charges; real and personal property taxes and assessments; insurance; security; advertising, promotion and publicity; a reasonable property management fees; fees and expenses of accountants, attorneys, consultants and other professionals, to the extent directly related to the Project, including annual audits and tax return preparation costs payable to a third party; any partnership or asset management fees paid to the investor limited partner or general partners of Borrower; deferred development fees; incentive leasing fees.

1.14. "**PROJECT**" shall have the meaning set forth in Recital B.

1.15. "**PROPERTY**" means the real property described in the attached Exhibit A, which is incorporated into this Agreement by this reference.

1.16. "**RESIDUAL CASH FLOW**" means Revenue less Operating Expenses, calculated on a calendar year basis.

1.17. "**RESOLUTIONS**" means collectively, Resolution No. 2005-93, and Resolution No. 2005-94, each authorized by the City Council of the City of Coachella, as provided for in Ordinance No. 932 of the City Council of the City of Coachella dated September 28, 2005.

1.18. "**REVENUE**" means with respect to any period all revenue, income, receipts, and other consideration actually received from the operation or leasing of the Project. Revenue shall include: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; and proceeds from vending and laundry room machines. Revenue shall not include tenants' security deposits, interest on security deposits, loan proceeds, capital contributions or similar advances, payments from reserves, or interest on reserves.

1.19. "**SENIOR LENDER**" means any lender with a loan secured by the Property whose lien on the Property is senior in priority to City's Deed of Trust; provided that City's written consent to the incurrence of any Senior Loan shall be required, except with the respect to (i) one construction loan incurred for the purpose of constructing the Project, and (ii) one refinancing of the construction loan into a term loan or "permanent" loan (which such

refinancing shall include any conversion of the construction loan to a term loan pursuant to the terms of the construction loan documents).

1.20. "**SENIOR LOAN**" means the loan of any Senior Lender to the Borrower in connection with the construction, development, operation or permanent financing of the Project.

1.21. "**SPECIAL ASSESSMENT**" shall have the meaning set forth in Recital F.

1.22. "**TITLE COMPANY**" means First American Title Insurance Company.

1.23. "**TITLE INSURANCE POLICY**" shall mean a title insurance policy in the form of an American Land Title Association Loan Policy 2006 extended coverage (without revision, modification or amendment) issued by the Title Company, with such endorsements, with a liability equal to the amount of the Loan, and in form and substance satisfactory to Lender, subject only to those exceptions as Lender may approve in writing.

2. **TERMS OF LOAN.**

2.1 **LOAN.** Lender agrees to provide a loan of funds to Borrower under the terms and conditions of the Loan Documents. The proceeds of this Loan shall be used exclusively to prepay the Special Assessment. The Borrower hereby irrevocably authorizes, all such proceeds to be disbursed directly to the City for the prepayment of the Special Assessment.

2.2 **AMOUNT OF LOAN.** Subject to the terms and conditions of the Loan Documents, Lender agrees to make, and Borrower agrees to accept a Loan in the amount THREE MILLION SEVEN HUNDRED NINETY-FOUR THOUSAND Dollars (\$3,794,000) evidenced by the Note in this amount.

2.3 **INTEREST.** The Note shall bear interest on the principal amount outstanding at the twelve month average LAIF rate per annum compounded annually, and is subject to the terms and conditions set forth in this Agreement and the Note. In an Event of Default, as described herein, the Loan shall, at the election of the Lender upon written notice to Borrower, become immediately due and payable in full, and interest on the Loan shall begin to accrue as of the date of default and continuing until such time as the Loan funds are repaid in full or the default is cured, at the default rate of the lesser of three percent (3%), compounded annually.

2.4 **TERM OF LOAN.** Payments of principal and interest shall be made as required by the Note. Unless due sooner under the Note, the Loan principal balance and all accrued interest shall be due and payable on the earliest of (a) fifty-five (55) years from the date of the issuance of the final Certificate of Occupancy for the Project or (b) an Event of Default by Borrower which has not been cured as provided for in this Agreement or (c) the project ceases to be considered a low income housing tax credit project pursuant to the rules and regulations of the California Tax Credit Allocation Committee.

2.5 **REPAYMENT OF LOAN.** Fifty percent (50%) of Residual Cash Flow shall be available for payments of the Loan ("Available Residual Cash Flow"). Borrower shall make annual payments on the Loan from the Available Residual Cash Flow. Payments will be applied

first to interest then to principal. Any and all amounts of principal and interest outstanding upon the maturity of the Loan shall be then due and payable.

2.6 **REPAYMENT UPON SALE OR REFINANCE.** In the event that Borrower desires to sell the Project to an entity other than: (a) Community Housing Opportunities Corporation ("CHOC"), a California nonprofit public benefit corporation; (b) a nonprofit public benefit corporation affiliate of CHOC; (c) a limited partnership in which CHOC or a nonprofit affiliate is a general partner; or (d) a limited liability company of which CHOC or a nonprofit affiliate is a member (each, a "Permitted Transfer"), Borrower shall pay to Lender the entire Loan amount then outstanding, including any accrued interest thereon and any other amounts owing under the Loan Documents. In the event that Borrower refinances the Project, in an amount greater than the principal amount of the Senior Loans, concurrently with any such refinance of the Project (excluding the one-time refinance of the construction loan for the Project into a term loan or "permanent loan" (which such refinancing shall include any conversion of the construction loan to a term loan pursuant to the terms of the construction loan documents)), Borrower shall pay to Lender the entire Loan amount then outstanding, including any accrued interest thereon and any other amounts owing under the Loan Documents.

2.7 **ACCELERATION BY REASON OF TRANSFER.** In the event of a transfer of the Project other than a Permitted Transfer or other transfer approved by Lender, Lender may declare due and payable the entire Loan amount then outstanding, including any accrued interest thereon, upon such transfer of the Property as set forth in the Note and the Deed of Trust.

3. **PREPAYMENT OF LOAN.** No prepayment penalty will be charged to Borrower for prepayment of any portion of the Loan amount prior to the end of the Loan term.

4. **RESERVED.**

5. **LOAN DISBURSEMENT.**

5.1 **GENERAL.** The Loan proceeds of THREE MILLION SEVEN HUNDRED NINETY-FOUR THOUSAND DOLLARS (\$3,794,000) shall be disbursed directly to the City of Coachella upon satisfaction or waiver of each and all of the conditions precedent to disbursement set forth in this Section 5.

5.2 **CONDITIONS PRECEDENT TO DISBURSEMENT.** Lender shall disburse the full amount of the Loan upon the satisfaction or waiver of the conditions precedent set forth in this Section 5.2.

5.2.1 Borrower maintains ownership of the Property through date of disbursement;

5.2.2 Borrower has executed and delivered to Lender each of the Loan Documents to be executed by Borrower in form and substance satisfactory to Lender;

5.2.3 As of the date of proposed disbursement, there exists no Event of Default by Borrower nor any act, failure, omission or condition that with the passage of time would

constitute an Event of Default under the Loan Documents or any the documents related to any other financing for the Project;

5.2.4 The Title Company's unconditional commitment to issue the Title Insurance Policy;

5.2.5 Lender shall have received evidence satisfactory to Lender of Borrower's authorization to enter into the Loan Documents;

5.2.6 The representations and warranties of the Borrower as set forth in Section 9 shall be true and correct as of the date of disbursement of the Loan;

6. **DEVELOPMENT AND OPERATION OF PROJECT.**

6.1 **CONFIGURATION OF THE PROJECT.** Borrower shall develop the Project in conformance with the plans and specifications as approved by the City, as an affordable housing project. Nothing in this Agreement shall be construed to limit or impair the City's discretion in the consideration, approval, and/or disapproval of any necessary entitlements required from the City for the construction of the Project.

6.2 **COMPLETION OF CONSTRUCTION.** Borrower shall commence Construction not later than June 30, 2022 and complete the Construction not later than twenty-four (24) months thereafter.

7. **INSURANCE.** Borrower shall have in full force and effect during the Construction and operation of the Project the insurance coverage specified in Exhibit E to this Agreement. In addition, Borrower shall ensure that the general contractor for the Project maintains the insurance coverage specified in Exhibit E for the duration of the Construction. All required insurance shall be in effect prior to commencement of work. The City's insurance policies shall not be contributing.

8. **DEFAULT AND REMEDIES.**

8.1 **EVENTS OF DEFAULT.** The occurrence of any of the following events (after the expiration of the cure period set forth in Section 8.2) shall be an "Event of Default" under this Loan:

8.1.1 Borrower's failure to pay when due any sums payable under the Note, including failure to reimburse Lender for any advances made by Lender under the Deed of Trust;

8.1.2 Borrower's failure to complete the Project Construction within the time required by this Agreement, as such time may be extended pursuant to Section 9.6;

8.1.3 Any breach by Borrower of any material obligations of Borrower imposed in the Loan Documents;

8.1.4 Any representation or warranty by Borrower in any Loan Document is materially false, incorrect, or misleading as of the date made;

8.1.5 The occurrence of any default or event of default under any Senior Loan;

8.1.6 Any litigation or proceeding which could reasonably be expected to materially and adversely affect the ability of Borrower to perform its obligations under the Loan Documents is commenced against Borrower, or the Property, and such litigation or proceeding is not defended diligently and in good faith by Borrower; or

8.1.7 Borrower's filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or one hundred twenty (120) days after the filing; making a general assignment for the benefit of creditors; applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or one hundred twenty (120) days after the filing; or failure, inability or admission in writing of its inability to pay its debts as they become due.

8.2 NOTICE OF BORROWER'S OR OWNER'S DEFAULT AND OPPORTUNITY TO CURE. Lender shall give written notice to Borrower of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) days from the receipt of the notice with respect to a monetary default, or sixty (60) days from the receipt of the notice with respect to a non-monetary default, by which such action to cure must be taken, or the Event of Default otherwise resolved to Lender's reasonable satisfaction; provided, however, with respect to non-monetary defaults, if such failure is not reasonably susceptible to cure within sixty (60) days from receipt of the said notice and provided that (i) Borrower shall have in good faith undertaken such cure within said sixty (60) day period and (ii) Borrower shall have diligently prosecuted such cure thereafter, Borrower shall have additional time to prosecute such cure, such additional time not to exceed ninety (90) days from receipt by Borrower of the said notice, unless additional time is agreed to in writing by the Parties.

8.3 LENDER'S REMEDIES. Upon the occurrence of an Event of Default (after expiration of all cure periods set forth in Section 8.2): (i) prior to disbursement of all Loan proceeds, Lender's obligation to disburse the remaining Loan proceeds shall cease; (ii) Lender may, in addition to other rights and remedies permitted by the Loan Documents or applicable law proceed with any or all of the following remedies in any order or combination Lender may choose in its sole discretion:

8.3.1 Bring an action in equitable relief (a) seeking the specific performance by Borrower of the terms and conditions of the Loan Documents, and/or (b) enjoining, abating, or preventing any violation of the terms and conditions, and/or (c) seeking declaratory relief;

8.3.2 Accelerate the Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Note, as well as any other funds advanced to Borrower by Lender under the Loan Documents; or

8.3.3 Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust.

9. **GENERAL PROVISIONS.**

9.1 **BORROWER'S REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants:

9.1.1 that Borrower is duly organized, validly existing and in good standing under the laws of the State of California and is qualified to do business in California;

9.1.2 that Borrower has the full power and authority to undertake the Project and to execute and deliver the Loan Documents and perform its obligations under the Loan Documents;

9.1.3 that the persons executing and delivering the Loan Documents are authorized to execute and deliver such documents on behalf of Borrower;

9.1.4 the Loan Documents have been duly executed by Borrower, and are legally valid and binding obligations of Borrower, enforceable against Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity;

9.1.5 The execution, delivery and performance of the Loan Documents by Borrower will not violate (i) Borrower's formation documents; (ii) any legal requirement affecting Borrower or any of its properties (including, without limitation, the Property); or (iii) any agreement to which Borrower is bound or to which it is a party and will not result in or require the creation (except as provided in or contemplated by this Agreement) of any lien upon any of such properties (including, without limitation, the Property);

9.1.6 There exists no material violation of or material default by Borrower and, to the best knowledge of Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default by Borrower with respect to (a) the terms of any instrument evidencing or securing any indebtedness secured by the Property, (b) any material lease or other agreement affecting the Property to which Borrower is a party, (c) any material license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any governmental authority, or any determination or award of any arbitrator to which Borrower or the Property may be bound, or (d) any mortgage, instrument, agreement or document by which Borrower, or any of its properties is bound: (i) which involves the Property and is not adequately covered by insurance, (ii) which could be reasonably expected to materially and adversely affect the ability of Borrower to perform its obligations under any of the Loan Documents, or (iii) which could be reasonably expected to adversely affect the priority of the liens created by this Agreement or any of the Loan Documents;

9.1.7 There is no action, suit, investigation, proceeding or arbitration (whether or not purportedly on behalf of the Borrower) at law or in equity or before or by any foreign or domestic court or other governmental entity (a "Legal Action"), pending or, to the knowledge of

Borrower, threatened against or affecting Borrower or any of their assets which could reasonably be expected to result in any material adverse change in the business, operations, assets (including the Property) or condition (financial or otherwise) of Borrower or would materially and adversely affect Borrower's ability to perform its obligations under the Loan Documents.

Borrower is not (a) in violation of any applicable law which violation materially and adversely affects or could reasonably be expected to materially and adversely affect the business, operations, assets (including the Property) or condition (financial or otherwise) of Borrower, (b) subject to, or in default with respect to any other legal requirement that would have a materially adverse effect on the business, operations, assets (including the Property) or condition (financial or otherwise) of Borrower, or (c) in default with respect to any agreement to which Borrower is a party or to which it is bound which could reasonably be expected to materially and adversely affect the business, operations, assets (including the Property) or condition (financial or otherwise) of Borrower. There is no Legal Action pending or, to the knowledge of Borrower, threatened against or affecting Borrower questioning the validity or the enforceability of this Agreement or any of the other Loan Documents;

9.1.8 The financial statements and all financial data previously delivered to Lender by Borrower in connection with the Loan and/or relating to Borrower are true, correct and complete in all material respects. Such financial statements fairly present the financial position of the parties who are the subject thereof as of the date thereof. No material adverse change has occurred in such financial position and, except for this Loan, no borrowings have been made by Borrower since the date thereof which are secured by, or might give rise to, a lien or claim against the Property or the proceeds of this Loan (excluding any Senior Loan).

9.2 LENDER'S REPRESENTATIONS AND WARRANTIES. Lender represents and warrants:

9.2.1 that Lender is duly organized and validly existing;

9.2.2 that Lender has the full power and authority to make the Loan and execute the Loan Documents; and

9.2.3 that the persons executing and delivering the Loan Documents are authorized to execute and deliver such documents on behalf of Lender.

9.3 AFFORDABLE HOUSING COVENANT. During the term of the Loan, Borrower shall comply with all applicable laws and regulations relating to the construction and operation of a housing project which qualifies as a low income housing tax credit project pursuant to the rules and regulations of the California Tax Credit Allocation Committee.

9.4 POLITICAL ACTIVITY. None of the funds, materials, property or services loaned by Lender to Borrower under this Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

9.5 TERM OF THIS AGREEMENT. This Agreement shall commence on the date set forth above and remain in full force and effect throughout the term of this Loan and until the Loan, together with all other amounts due under the Loan Documents, has been paid in full.

9.6 UNAVOIDABLE DELAY IN PERFORMANCE. The time for performance of provisions of this Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Project or this Agreement which is caused by war, insurrection, terrorism, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of a public enemy, epidemics, pandemics; quarantine restrictions, government orders; freight embargoes, lack of transportation, suits filed by third parties concerning or arising out of this Agreement, or unusually severe weather conditions. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within thirty (30) working days from the commencement of the cause. In any event, Construction of the Project must be completed no later than ninety (90) days after the scheduled completion date specified herein, any unavoidable delay notwithstanding. Times of performance under this Agreement may also be extended for any cause for any period of time by the mutual written agreement of Lender and Borrower.

9.7 GOVERNING LAW. The Loan Documents shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law.

9.8 ATTORNEYS' FEES AND COSTS. In the event any legal or administrative action is brought to interpret or enforce the terms of the Loan Documents, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

9.9 TIME. Time is of the essence in these Loan Documents.

9.10 NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. No member, official, director, employee, or agent of Lender shall be personally liable to Borrower for any obligation created under the terms of these Loan Documents.

9.11 NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications between Borrower and Lender shall be given (a) by United States Postal Service, registered or certified mail, postage prepaid, return receipt requested, (b) shall be delivered personally, to the principal offices of Borrower and Lender as follows, with a delivery receipt, (c) by reputable express delivery service, with a delivery receipt, with all delivery charges prepaid:

LENDER: City of Coachella
53990 Enterprise Way
Coachella, CA 92236
Attention: City Manager

BORROWER: Coachella Housing Project
5030 Business Center Drive Suite 260
Fairfield, CA 94534
Attention: CEO

With copy to:

Goldfarb & Lipman LLP

Resolution 2021-11 - Exhibit A - Loan Agreement

1300 Clay Street, 11th Floor
Oakland, CA 94612
Attention: M David Kroot

Notice will be deemed to have been received as the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date the item was returned as undeliverable. Each Party may change its address for delivery of notice by delivering written notice of such change of address to the other Party.

9.12 BINDING UPON SUCCESSORS. All provisions of these Loan Documents shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the Parties; provided, however, that this Section does not waive the limitation on assignment of this Agreement by Borrower without Lender's written consent. The term "Borrower" as used in these Loan Documents shall include all permitted assigns, successors-in-interest, and transferees of Borrower.

9.13 RELATIONSHIP OF PARTIES. The relationship of Borrower with Lender for this Project is and shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as provided for herein) or any third party with respect to the Project, the Property, or the Loan. Borrower shall have no authority to act as an agent of Lender or to bind Lender to any obligation.

9.14 INTEGRATION. The Loan Documents, including exhibits, contain the entire agreement of the Parties and supersede any prior negotiations.

9.15 OTHER AGREEMENTS. Borrower represents that Borrower has not entered into any agreements that are inconsistent with the terms of the Loan Documents. Borrower shall not enter into any agreements that are inconsistent with terms of the Loan Documents without an express waiver in writing by Lender.

9.16 OTHER EXEMPTIONS. This Agreement shall not limit or restrict the Borrower's right to apply for or obtain any other real property tax exemption to which it might be entitled, including, without limitation, the State of California welfare tax exemption.

9.17 AMENDMENTS AND MODIFICATION. Any amendments or modifications to the Loan Documents must be in writing and shall be effective only if executed by Borrower and Lender.

9.18 SEVERABILITY. Every provision of this Agreement is intended to be severable. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

9.19 INDEMNIFICATION. To the fullest extent permitted by law, Borrower agrees to protect, indemnify, defend and save harmless Lender, its councilmembers, directors, officers, agents and employees for, from and against any and all liability, expense or damage of any kind

or nature and for, from and against any suits, claims or demands, including reasonable legal fees and expenses on account of any matter or thing or action or failure to act by Lender, whether in suit or not, arising out of this Agreement or in connection herewith, including, without limitation, any suit, claim or demand arising out of any default which may occur in connection with the Project (collectively, "Claims"), provided, however, that the foregoing shall not apply to any Claim arising as a result of or to the extent of (i) Lender's gross negligence or willful misconduct, or (ii) a material breach of Lender's obligations contained within the Loan Documents. A breach by Lender shall be deemed to have occurred only after the following: (a) should Borrower claim a material breach by Lender, it shall give Lender written notice of such claimed breach, which notice shall set forth with reasonable specificity the nature of said breach; and (b) Lender shall not be deemed in breach of any Loan Documents unless said breach is not cured within sixty (60) days from receipt of said notice, or if said breach cannot be cured within said sixty (60) day period, the time for Lender to cure said breach shall be extended, so long as Lender is pursuing the cure thereof with all reasonable due diligence. Upon receiving knowledge of any suit, claim or demand asserted by a third party that Lender believes is covered by this indemnity, Lender shall give Borrower notice of the matter and an opportunity to defend it, at Borrower's sole cost and expense, with legal counsel reasonably satisfactory to Lender. Lender may also require Borrower to so defend the matter. The obligations on the part of Borrower under this Section 9.19 shall survive the repayment of the Loan.

9.20 NONRECOURSE. Subject to anything contained in any provision of the Loan Agreement, the Deed of Trust, or the Note notwithstanding, the Loan shall be a nonrecourse obligation of Borrower. Neither Borrower nor any of its officers, directors or general and limited partners shall have any personal liability for repaying the principal or interest of the Loan or for any other obligation set forth in this Note or in any other Loan Document. The sole recourse of Lender for repayment of the principal and interest shall be the exercise of Lender's rights against the Project under the Deed of Trust, including, without limitation, the right of Lender to bring a foreclosure action or other appropriate action or proceeding to enable Lender to enforce its rights and remedies to realize upon the collateral given to secure the obligations owing to Lender under the Loan Documents.

9.21 CURE BY LIMITED PARTNER. The cure of any default under this Loan Agreement or any other Loan Document made or tendered by or on behalf of the Borrower's limited partner shall be deemed a cure by the Borrower and shall be accepted or rejected on the same basis as if made by the Borrower.

9.22 EXECUTION IN COUNTERPARTS. In the event this Agreement is executed in counterparts, each of such counterparts will, for all purposes, be deemed an original and all such counterparts, taken together, will constitute one and the same agreement. Electronic signatures will be sufficient to bind the Parties to this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

LENDER:

CITY OF COACHELLA,
a California municipal corporation

By: _____
Name: William Pattison, City Manager

Approved as to form:

City Legal Counsel

BORROWER:

Coachella Housing Project,
a California limited partnership

By: CHOC Coachella LLC,
a California limited liability company,
its managing general partner

By: Community Housing Opportunities Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Manuela Silva,
Chief Executive Officer

EXHIBIT A

LEGAL DESCRIPTION

Real Property in the City of Coachella, County of Riverside, State of California, described as follows:

EXHIBIT B

**FORM OF PROMISSORY NOTE
(attached)**

EXHIBIT C

FORM OF DEED OF TRUST

(attached)

EXHIBIT D

INSURANCE REQUIREMENTS

At close of escrow, the City must receive a one-year prepaid Certificate of Insurance policy (or a binder followed by a certificate within 30 days of loan closing) evidencing the following coverage:

1. HAZARD (PROPERTY)

- Perils: All risk; or Fire & Lightning, Extended Coverage, Vandalism & Malicious Mischief. (including course of construction insurance during the construction period)
- Covered Property: Structure; and All risk contents coverage.
- Amount: Replacement value (or less if approved by City).
- Coinsurance: No less than 90 percent.
- Deductible: \$10,000 maximum deductible per occurrence.
- Endorsement: Lenders Loss Payable Endorsement required insuring the City.

OTHER PROPERTY INSURANCE

- Flood Insurance Coverage required to 80 percent of replacement cost if the property is located in a 100-year flood plain.
- Steam Boiler & Related Machinery: (When applicable) 80 percent of replacement cost coverage is required.

2. COMPREHENSIVE GENERAL LIABILITY

- Minimum Amount: \$1,000,000 per occurrence; or
\$2,000,000 per occurrence for buildings with elevators.

3. OTHER COVERAGE

- Workers Compensation: Required by State law if employees are involved.

ALL POLICIES MUST INCLUDE THE FOLLOWING

Resolution 2021-11 - Exhibit A - Loan Agreement

- Named Insured: Borrower, Coachella Housing Project, a California Limited Partnership
- Additional Insured: The City of Coachella and its officers, agents, employees, and servants must be named as additional insured.
- Cancellation Clause: The City must be notified 30 days prior to cancellation of the insurance policy.
- City Notification: The City must be notified prior to cancellation or lapse of coverage or in the event of any claim.

The City should be identified on all insurance documents as follows:

City Hall
City of Coachella
1515 Sixth Street
Coachella, CA 92236
Attn: City Manager

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

--

Space above for Recorder's use

**AGREEMENT TO PREPAY TAX OBLIGATION FOR
CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT 2005-1**

THIS AGREEMENT TO MAKE A PREPAYMENT OF SPECIAL TAX OBLIGATION FOR CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT 2005-1 (the "Agreement") is dated as of ___, 2021 (the "Effective Date") by and between COACHELLA HOUSING PROJECT, a California limited partnership ("Owner"), and the CITY OF COACHELLA (the "City"), as the legislative body of Community Facilities District 2005-1. The City and the Owner are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

WHEREAS, Owner owns certain real property located in the City of Coachella, Riverside County, California, more particularly described on **Exhibit A** attached to this Agreement (the "Property"), upon which Owner owns and operates an existing multifamily affordable housing development consisting of twenty (20) existing residential units (the "Existing Development"). Owner intends to redevelop the Existing Development and increase the total number of units to fifty-six (56) (the "Project").

WHEREAS, the City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and, by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended;

WHEREAS, the Property will be annexed in the CFD as a condition of approval and will be subject to the Special Assessment;

WHEREAS, the Owner has requested that it be permitted to deposit thirty (55) years of the Special Assessments for the Property; and

WHEREAS, the City has agreed to make a loan to Owner in order to prepay the Special Assessments, and the City and the Owner wish to enter into this Agreement to provide for the terms and conditions upon which the Special Assessments will be prepaid.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Deposit of Special Assessments; City Loan.

(a) The Owner is required to pay Special Assessments in the amount of One Thousand Two Hundred Thirty-One Dollars and Eighty-Two Cents (\$1,231.82) for each dwelling unit on the Project per year increasing annually based on the annual adjustment of the Consumer Price Index.

(b) The City shall make a loan to the Owner in the amount of Three Million Seven Hundred Ninety-Four Thousand Dollars (\$3,794,000), which is an amount equal to the Special Assessments (the "City Loan"). The City Loan is evidenced by a loan agreement and promissory note ("City Note"), and is secured by a deed of trust encumbering the Property (collectively, the "Loan Documents"). The City Loan shall bear interest at the twelve-month average LAIF rate per annum compounded annually and shall be payable from Residual Cash Flow (as defined in the City Note). The City shall apply the payments on the City Loan made by the Owner to the loan balance with the payments being first applied to interest then to principal.

(c) Owner shall annex the Property into the CFD, and the City shall apply loan proceeds toward the prepayment of the special assessment.

(d) The City shall have the right to approve any sale or refinancing of the Property ("Capital Transaction"), other than such sale or refinancing permitted under the Loan Agreement, such approval not to be unreasonably withheld, delayed or conditioned. Upon the occurrence of a Capital Transaction, any outstanding amounts under the City Loan shall be paid in full.

2. Entire Agreement; Amendment. Except as set forth in this paragraph, this Agreement and the agreements expressly referred to in this Agreement contain all of the agreements of the Parties with respect to the matters contained in this Deposit Agreement and no prior or contemporaneous agreement or understandings, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be modified, waived, amended or added to except by a writing signed by the Party against which the enforcement of such modification, waiver, amendment or addition is or may be sought.

3. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either Party shall be delivered by: (a) personal delivery with a delivery receipt; (b) by United States Postal Service, certified mail, return receipt requested; or (c) by reputable express delivery service, with a delivery receipt, all with delivery charges prepaid and addressed as follows:

To City:

City of Coachella

53990 Enterprise Way
Coachella, CA 92236
Attention: City Manager

To Owner:

Coachella Housing Project
5030 Business Center Drive Suite 260
Fairfield, CA 94534
Attention: CEO

With copy to:

Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attention: M David Kroot

Notice will be deemed to have been received as the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date the item was returned as undeliverable. Each Party may change its address for delivery of notice by delivering written notice of such change of address to the other Party.

4. Severability. If any provision of this Deposit Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Deposit Agreement shall be given effect to the fullest extent reasonably possible.

5. Successors and Assigns. This Deposit Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties.

6. Governing Law. This Deposit Agreement and any dispute arising under this Deposit Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

7. Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Deposit Agreement by the other Party, or the failure by a Party to exercise its rights under the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Deposit Agreement thereafter.

8. Singular and Plural; Gender. As used in this Deposit Agreement, the singular of any work includes the plural, and terms in the masculine gender shall include the feminine.

9. Construction of Agreement. This Deposit Agreement has been reviewed by legal counsel for both the City and the Owner and shall be deemed for all purposes to have been jointly drafted by the City and the Owner. No presumption or rule that ambiguities shall be

construed against the drafting party shall apply to the interpretation or enforcement of this Deposit Agreement. The language in all parts of this Deposit Agreement, in all cases, shall be construed as a whole and in accordance with its fair meaning and not strictly for or against any Party and consistent with the provisions of this Deposit Agreement, in order to achieve the objectives of the Parties. The captions of the sections and subsections of this Deposit Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.

10. Authority of Signatories. Each signatory and Party to this Deposit Agreement hereby represents and warrants to the other Party that it has legal authority and capacity and direction from its principal to enter into this Deposit Agreement, and that all resolutions and/or other actions have been taken so as to enable such Party to enter into this Deposit Agreement.

11. Execution in Counterparts. In the event this Deposit Agreement is executed in counterparts, each of such counterparts will, for all purposes, be deemed an original and all such counterparts, taken together, will constitute one and the same agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this instrument as of the Effective Date.

CITY:

CITY OF COACHELLA,
a California municipal corporation

By: _____
Name: William B. Pattison, Jr.
City Manager

OWNER:

Coachella Housing Project,
a California limited partnership

By: CHOC Coachella LLC,
a California limited liability company,
its managing general partner

By: Community Housing Opportunities Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Manuela Silva,
Chief Executive Officer

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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WITNESS my hand and official seal.

Name: _____
Notary Public

Exhibit A

LEGAL DESCRIPTION

Real Property in the City of Coachella, County of Riverside, State of California, described as follows:

APN: