



<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s) _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s) _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Melissa Hettena Agenda Item No. I-8

Reviewed By: City Manager [Signature] City Attorney Holmberg Finance SMF Other (Specify) MK

DATE: September 14, 2010

TO: City Council

FROM: William E. Wilkins, Housing Director
Housing Department [Signature]

SUBJECT: **Agreements with Cabrillo Economic Development Corporation (CEDC) Regarding Paseo De Luz Development and Camino Gonzalez Development.**

RECOMMENDATION

That City Council approve and authorize the Mayor to execute certain documents regarding the previously approved City loan to CEDC: 1) a Regulatory Agreement with CEDC for the Paseo De Luz development, at 457 W. Gonzalez Road, 2) HUD Rider to Regulatory Agreement, 3) Partial Termination and Release of Regulatory Agreement, 4) Substitution of Trustee and Deed of Partial Reconveyance, and 5) Assignment and Assumption, Amendment and Modification Agreement for the Camino Gonzalez development, at 481 W. Gonzalez Road.

DISCUSSION

CEDC has two projects, approved by the City, scheduled to start construction in October and November 2010. Their request for approval of the documents identified above and described in more detail below is an administrative matter to satisfy their lenders' requirements to start construction on both individual projects. A loan to CEDC has been previously approved and is not part of this request.

The City has previously approved a First Amended and Restated Affordable Housing and Loan Agreement (A-7098) to CEDC in the amount of \$1,623,840 for the development of 43 affordable apartments, to be located at 457 W. Gonzales Road (Loan Agreement). Subsequent to this approval, and with the City's consent, CEDC subdivided the land to develop two independent parcels commonly known as Paseo De Luz (Paseo De Luz Parcel), to develop 25 units of affordable rental apartments, and Camino Gonzalez (Camino Gonzalez Parcel), to develop 18 units of affordable rental apartments.

Both developments are financed independently by different lenders and as a requirement of these

The neighboring affordable housing project known as Camino Gonzalez will consist of 18 affordable very low income rental units for farm worker households that are primarily financed by Federal Low Income Housing Tax Credits allocated to the project by the State of California Tax Credit Allocation Committee. The project will raise funding from the syndication of the low income housing tax credits. To facilitate the use of the low income housing tax credits, CEDC will form a limited partnership ownership entity that will have CEDC as the managing general partner and a tax credit syndicator as the limited partner.

The City and CEDC had previously entered into the Loan Agreement and a portion of the funds in the amount of \$857,907.29 was used by CEDC to assist with predevelopment costs associated with both the Paseo de Luz development and the Camino Gonzalez development. CEDC will convey the Paseo De Luz Parcel to Paseo De Luz, Inc. and upon conveyance of this parcel CEDC will repay the predevelopment funds used for the Paseo De Luz development back to the City. At such time, CEDC will no longer owe the City any money in connection with the City Loan for the Paseo De Luz development. The City's intent would be to utilize the predevelopment funds, once paid back to the City, to assist in the predevelopment and construction financing of the Camino Gonzalez development. The Paseo De Luz development is scheduled to close ahead of the Camino Gonzalez development in September and will be starting construction in early October. The Camino Gonzalez development is scheduled to close at the end of October and will start construction in November.

The attached documents consist of (1) the new City Regulatory Agreement for Paseo De Luz, Inc. that will allow the City to restrict the affordability of the units as a condition to previously loaning the project predevelopment funds; (2) the HUD Rider that is required by HUD; (3) Partial Termination and Release of Regulatory Agreement to release the existing City Regulatory Agreement from the Paseo De Luz Parcel; (4) Substitution of Trustee and Deed of Partial Reconveyance to remove the existing deed of trust for the City Loan from the Paseo De Luz Parcel; and (5) Assignment and Assumption, Amendment, and Modification Agreement to assign the existing City loan documents to the Partnership which will own, construct, and operate the Camino Gonzalez .

CEDC is not requesting a new loan or additional funding to develop the above-referenced projects. This is an administrative process to accept CEDC's repayment of predevelopment funding for the Paseo De Luz Parcel and as per the existing Loan Agreement, allow CEDC to continue to use the funds for the development of the adjacent Camino Gonzalez Parcel.

FINANCIAL IMPACT

There is no financial impact.

City of Oxnard
305 West Third Street
Oxnard, California 93030

No Recording Fee Required In Accordance
With California Government code Section 6103

SPACE ABOVE THIS LINE FOR RECORDER USE

REGULATORY AGREEMENT
(CITY OF OXNARD
A-7098)

THIS REGULATORY AGREEMENT (CITY OF OXNARD) ("Regulatory Agreement") is entered into effective September 14, 2010, by Paseo De Luz, Inc. ("Developer") in favor of the City of Oxnard ("City") in connection with an "Amended and Restated Affordable Housing and Loan Agreement", entered into by the City and Developer's predecessor in interest, Cabrillo Economic Development Corporation ("CEDC"), executed on February 23, 2010 (the "Agreement").

WHEREAS, Developer is or will be the owner of that certain real property in the City of Oxnard ("City"), County of Ventura, State of California ("Property") described in Exhibit "A" attached hereto and incorporated herein by this reference. Developer intends to construct a twenty-five (25) unit multifamily rental building on the Property, to be occupied by very low income households (the "Project").

WHEREAS, CEDC and the City have previously entered into the Agreement in which CEDC agreed to purchase the Property and operate the Project as an affordable housing project, and the City loaned \$1,623,840 (the "City Loan") to CEDC, a portion of such funds in the, approximate amount of \$857,907.29 (the "Predevelopment Funds") was used by CEDC to assist with predevelopment costs associated with the Project. CEDC intends to convey the Property to the Developer, and upon conveyance of the Property to the Developer the Developer will repay the Predevelopment Funds back to the City.

WHEREAS, the City intends to utilize the Predevelopment Funds, once paid back to the City, to assist in the construction financing of the neighboring affordable housing project to be owned by a limited partnership where CEDC is the general partner. This neighboring affordable housing project will consist of eighteen (18) affordable rental units for very low income farm worker households, and will be commonly known as the "Camino Gonzalez" project.

WHEREAS, as a condition of the City loaning the predevelopment funds to assist with the predevelopment expenses of the Project, the City will require the Developer to record this Regulatory Agreement against the Property.

NOW, THEREFORE, IN CONSIDERATION FOR CITY'S ASSISTANCE, DEVELOPER COVENANTS AND AGREES FOR THE BENEFIT OF CITY AS FOLLOWS:

AGREEMENT

1. **Definitions**
 - a. As used in this Regulatory Agreement, unless a different meaning is apparent from the context or is specified elsewhere in this Regulatory Agreement, the following words and terms shall have the same meaning given or attributed to them in Title 25 of the Code of Regulations: housing costs; family; household; monthly adjusted income; monthly income; rent; very low income household or family.
 - b. For the purposes of this Regulatory Agreement a very low-income household or family, is a household or family with income not greater than 50% of the Ventura County Metropolitan Statistical Area Median Income, adjusted for family size appropriate for the unit in question as set forth in California Administrative Code Section 6932 ("AMI"). For a very low-income household or family an "affordable rent" is a monthly rent that does not exceed 30% of 50% of the monthly AMI.
2. **Term.** The provisions of this Regulatory Agreement shall remain in effect for a period of 55 years from the date of first occupancy of a unit in the Project.
3. **City Contributions.** The City has provided funds for the development costs of approximately forty-three (43) affordable apartment units. The forty-three (43) units are comprised of the eighteen (18) units in the Camino Gonzalez project and the twenty-five units in the Project. A portion of the City funds in the amount of the Predevelopment Funds was used towards the predevelopment costs of the Project.
4. **City Conditions.** The Project shall meet all City conditions rules and regulations and shall be required to have approval of the Oxnard Planning Commission and City Council as required by City ordinances, resolutions, regulations and requirements.
5. **Affordability Requirement.** Eleven (11) units in the Project shall be made available and rented only to very low income households or families earning 50% or less of AMI, which may include extremely low income households or families ("Very Low Income Units"). The remaining fourteen (14) units in the Project shall be made available and rented only to households or families earning 90% or less of AMI ("Ninety Percent Income Units"). The Very Low Income Units will be rented at rents which are not greater than 30% of 50% of the AMI and the Ninety Percent Income Units will be rented at rents which are not greater than 30% of 90% of the AMI. To the extent permitted by applicable law all the Very Low Income Units shall be rented to families where one member of the family qualifies as disabled under the HUD 811 Supportive Housing Program.

establish a preference for rental of the Very Low Income Units. Preference will be established as follows:

- a. Families who live in Oxnard;
- b. Families who work in Oxnard and live elsewhere;
- c. All other families.

Developer will maintain a waiting list of all persons who apply to become tenants, with information sufficient to rank such persons.

During the entire period of the Regulatory Agreement that units are rented, Very Low Income Units will be made available to persons from the waiting list and among other applicants in the order of priority set forth above.

For purposes of this paragraph 6, Very Low Income Units shall be considered to have been made available as follows:

- a. A Very Low Income Unit shall be considered to have been made available if Developer actually notifies a potential tenant and a period of 48 hours elapses after such actual notice is given.
- b. At any time during such 48 hour availability period, the potential tenant may notify Developer of his/her election to rent the Very Low Income Unit. In such event, Developer and tenant shall negotiate in good faith for rental of the Very Low Income Unit.

7. Construction. All work on the Project shall be performed by contractors, licensed under the laws of the State of California, as Developer may employ from time to time to execute such work. Developer shall comply with all federal, State and local laws and regulations pertaining to construction of the Project, including laws relating to competitive bidding and payment of prevailing wages, to the extent the same may be applicable. All work shall be performed in a workmanlike and quality fashion, free of encumbrances and liens, in full compliance with all applicable requirements of the Uniform Building Code and the Oxnard City Code. In addition to all other obligations of Developer as set forth in this Regulatory Agreement, Developer shall seek and obtain all necessary governmental approvals for the Project and shall pay all permit application fees and development exactions then prescribed by City ordinance or resolution at the time of submittal, unless such fees or exactions are waived by City. Nothing herein excuses compliance by Developer with any or all City ordinances, resolutions or procedures in connection with development of the Project.

8. Maintenance. Developer shall, at all times during the term of this Regulatory Agreement, cause the Property and the Project to be maintained in good condition and repair regardless of cause of the disrepair. Developer shall be fully and solely responsible for costs

in reasonable manner to inspect the Project.

9. Reports. Developer will provide City with reports and records as follows:

a. Developer understands and agrees that City may, at any time, request information that may be required for the purpose of making necessary reports to the Department of Housing and Urban Development and State Department of Housing and Community Development, or for otherwise evaluating Developer's progress and performance pursuant to this Regulatory Agreement. In the event of such requests, Developer shall comply by providing the appropriate data within 15 working days from the date of any such request.

b. Developer further understands and agrees that the records and additional information described in this paragraph are required to be retained on a continuing basis for a period of 5 years after this Regulatory Agreement has expired.

c. Developer further understands and agrees that its failure to comply with any and all reporting and data submission requirements of this paragraph 9 may be deemed by City to be evidence of cessation of operation under the Regulatory Agreement or conversion to an unapproved change in use, requiring a default in this Regulatory Agreement, however, that a failure to comply with the reporting and data submission requirements shall not be deemed to be cessation of operation under the Regulatory Agreement or a conversion to an unapproved change unless Developer has failed to cure such failure to comply within 30 days after City gives Developer a "notice to cure", or if the failure cannot be cured within 30 days, fails to commence to cure within 30 days and thereafter diligently pursue such cure.

d. All financial transactions must be supported by complete and verifiable source documents. Records shall provide a clear audit trail.

e. Without limiting the foregoing, Developer shall provide each and all of the reports described in Paragraph F.5. of the Agreement.

The affordability requirements contained in this Regulatory Agreement constitute covenants, conditions and restrictions that run with the land. Subject to the provisions of paragraph 17 below, if Developer fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within 30 days after City has notified Developer in writing of the default or if the default cannot be cured within 30 days, fails to commence to cure within 30 days and thereafter diligently pursue such cure, City shall have the right to enforce this Regulatory Agreement by any means permitted by law, including an action at law or in equity to compel Developer's performance of its obligations, and/or for damages.

10. Hold Harmless Indemnification.

a. Developer shall at all times defend, indemnify and save City, the City of Oxnard Community Development Commission and the City of Oxnard Housing Authority, including their boards, council members, commissioners, agencies, departments, officers,

and volunteers, including those arising from injuries or death of persons and for damages to property, arising directly or indirectly out of the operations conducted or subsidized in whole or in part by City related to this Regulatory Agreement, save and except claims or litigation arising through the sole negligence or wrongdoing and/or sole willful misconduct of City or any other indemnitee. Developer is not obligated to indemnify City or others for claims based upon their use of information provided by Developer, provided the information itself is accurate. Developer shall at all times indemnify and hold harmless City, its officers and employees, from all loss, litigation, liability, damage, or expense, including, without limitation, potential tenant relocation costs arising under this Regulatory Agreement and/or any subcontract which Developer enters into relating to implementation of the Project.

b. Developer's obligation to defend shall arise when a claim, demand or action is made or filed, whether or not such claim, demand or action results in a determination of liability or damages as to which Borrower is obligated to indemnify and hold harmless.

11. Modifications. This Regulatory Agreement is subject to written modification and termination as necessary by City in accordance with requirements contained in any future federal legislation and regulations. All other modifications must be in written form and approved by both parties. To the extent that any lender to the Project requires changes to this Regulatory Agreement, which changes do not materially affect the basic affordability, reporting, and enforcement provisions hereof, the City agrees to cooperate to effect such changes within a reasonable time.

12. Sale Of Property/Change Of Use. Developer agrees and declares that the Property and the Project shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, operated, sold, and approved subject to all obligations set forth or incorporated in this Regulatory Agreement, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property and the Project. All of the obligations set forth or incorporated in this Regulatory Agreement shall constitute covenants which run with the land and shall be binding on Developer and its successors and assigns, and all parties having or acquiring any right, title or interest in, or to any part of the Property or Project. Developer further understands and agrees that the loan funds provided to Developer under this Regulatory Agreement are made on the condition that Developer and all subsequent owners, or other successors and assigns of the Property and/or Project, lease and rent the Units in accordance with the terms and conditions stipulated in paragraph 5. of this Regulatory Agreement, and in the Regulatory Agreement for a term of 55 consecutive years commencing upon the date that the Project is first occupied. In the event that Developer or any of its successors and assigns violates any of these covenants, following reasonable notice and opportunity to cure, the total amount of the Loan funds shall become immediately due and payable.

13. Authority To Bind. By entering into this Regulatory Agreement, Developer certifies it is qualified and licensed to conduct business in the State of California.

connection with any Project shall be deemed a breach and default of this Regulatory Agreement, entitling the City to pursue any and all available remedies, subject to the notice and cure rights described in this Regulatory Agreement.

19. Benefit Of Agreement. This Regulatory Agreement and every provision hereof are for the exclusive benefit of Developer and City and not for the benefit of any other party. There shall be no incidental or other beneficiaries of any of Developer's or City's obligations under this Regulatory Agreement.

20. Enforcement of Agreement. If any terms, provisions, conditions or covenants in this Regulatory Agreement, or the application thereof to any party or circumstances, shall to any extent be held invalid or unenforceable, the remainder of this Regulatory Agreement, or the application of such terms, provisions, conditions or covenants to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Regulatory Agreement shall be valid and enforceable to the fullest extent permitted by law.

21. Governing Law. The terms of this Regulatory Agreement shall be interpreted according to the laws of the State of California.

22. Rights of Mortgage Holders. The provisions of these Covenants do not limit the right of the holder of any mortgage, deed of trust or other lien or encumbrance to exercise any of its remedies for the enforcement of any pledge or lien upon the Property, recorded prior in time to this Regulatory Agreement or to which this Regulatory Agreement has been subordinated in writing. In the event of any foreclosure under any such mortgage, deed of trust, or other lien or encumbrance, or a sale pursuant to any power of sale included in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns and the Property shall not be subject to conditions, restrictions and covenants contained in Paragraphs 5, 6, and 9 hereinabove.

23. City Successors. City, its successors and assigns, is deemed the beneficiary of the covenants contained herein, without regard to technical classification and designation. The covenants shall run in favor of City, its successors and assigns, without regard to whether City has been, remains, or is an owner of any land or interest therein.

24. Modification Consent. City and its successors and assigns, and Developer and its successors and assigns shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in these covenants without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property: provided, however, that the obligations set forth in paragraph 22 shall not be subject to modification without the consent of any affected lien holder.

any person, or group of persons, on account of race, color, religion, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, familial status, medical condition, or retaliation for having filed a discrimination complaint, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices or discrimination or segregation with reference to the selection, location, number use or occupancy of buyers, tenants, lessees, subtenants, sublessees, or vendees of the Property.

The Developer shall refrain from restricting the rental, sale or lease of the Property to any person on the basis of race, color, religion, ancestry, familial status, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

“The transferee 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 12955.0 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, lesses, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

26. HUD-Required Provisions Rider. During the term of the HUD 811 Capital Advance the City agrees to comply with the provisions set forth in the HUD-Required Provisions Rider attached hereto as Exhibit B and incorporated into this Agreement.

City:

THE CITY OF OXNARD

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney

Developer:

PASEO DE LUZ, INC., a California
Nonprofit Public Benefit Corporation

By: Karen Flock

Name: Karen Flock

Its: Real Estate
Development Director

(NOTARIZATION REQUIRED)

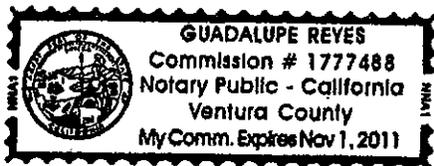
State of California

County of Ventura

On August 31, 2010 before me, Guadalupe Reyes, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Karen Flock
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

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: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

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

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

All that certain real property situated in the County of Ventura, State of California, described as follows:

PARCEL A:

Parcel 1 of Parcel Map No. 08-300-08, in the City of Oxnard, County of Ventura, State of California, as per map filed in Book 68, Pages 39 and 40 of Parcel Maps, in the Office of the County Recorder of said County.

EXCEPT THEREFROM all oil, gas, minerals and other hydrocarbon substances in, on, or under said land without the right of surface entry and without the right of subsurface entry except at a depth of more than 500 feet below the surface of said land as reserved by Andrew J. Borchard, by Deed recorded September 10, 1963, in Book 2390, Page 99 of Official Records.

PARCEL B:

A non-exclusive easement for roadway over and across the Southerly 20.00 feet of the Northerly 45.00 feet of Parcel "C", as said Parcel "C" delineated on that certain Map filed in Book 5, Page 37 of Parcel Maps, in the Office of the County Recorder of said Ventura County.

Assessor's Parcel Number: **139-0-250-035**

CITY OF OXNARD
REGULATORY AGREEMENT

(Paseo de Luz
A-7098)

This HUD-Required Provisions Rider (the "Rider") is dated as of Sept. 14, 2010, and is attached to and made a part of that certain Regulatory Agreement (the "Regulatory Agreement") between Paseo De Luz, Inc., a California nonprofit public benefit corporation, (the "Corporation") and the City of Oxnard, a municipal corporation (the "City"). The Regulatory Agreement relates to the property commonly known as the Paseo de Luz Apartments (the "Development"). In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Regulatory Agreement, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Regulatory Agreement. As used in this Rider, the term "HUD Documents" shall mean the following documents relating to the HUD Section 811 Capital Advance for the Development, HUD Project No. 122-HD168:

- A. Deed of Trust on the Property from Corporation to HUD (the "HUD Deed of Trust");
 - B. Regulatory Agreement between Corporation and HUD recorded against the Property ("HUD Regulatory Agreement");
 - C. Capital Advance Program Use Agreement between Corporation and HUD recorded concurrently herewith (the "HUD Use Agreement"), incorporated by reference in the HUD Deed of Trust;
 - D. HUD Security Agreement between Corporation and HUD (the "HUD Security Agreement");
 - E. HUD Project Rental Assistance Contract (the "PRAC"); and
 - F. Other HUD Capital Advance documents.
1. Term of Rider. Notwithstanding anything else in this Rider to the contrary, the provisions of this Rider shall be and remain in effect only so long as the HUD Documents, or any of them, are in effect; thereafter, this Rider and its requirements shall be deemed no longer in effect.
 2. Subordination. The covenants contained in the Regulatory Agreement shall be subordinate to the rights of HUD under the HUD Documents, and to the HUD rules and regulations pertaining thereto; and furthermore, the Regulatory Agreement shall not be enforceable against the HUD Secretary, his or her successors and assigns, should the HUD Secretary acquire title to the Property by power of sale, foreclosure, or by deed in

regulations pertaining thereto, the HUD Documents and HUD rules and regulations shall prevail. No default may be declared under the Regulatory Agreement without HUD prior written consent.

3. HUD Rules. During the time period in which Section 811 or the PRAC regulations apply to the Development, rents approved by HUD pursuant to the Section 811 program and the PRAC shall be deemed to be in compliance with the Regulatory Agreement, and compliance by the Corporation with the Section 811 Regulations and the PRAC with respect to continued occupancy by households whose incomes exceed the eligible income limitations of the Regulatory Agreement, or other matters set forth in the Regulatory Agreement, shall be deemed to be compliant with the requirements of the Regulatory Agreement. Nothing in the Regulatory Agreement shall in any way limit, interfere or conflict with the rights of HUD with respect to the management, operation or occupancy of the Development; nor can the Regulatory Agreement in any way jeopardize the continued operation of the Development on terms at least as favorable to existing as well as future tenants.
4. Indemnification. Enforcement by the City of any indemnification provisions in the Regulatory Agreement will not and shall not result in any monetary claim against the following: the Development, HUD, the HUD Capital Advance proceeds, any reserve or deposit required by HUD in connection with the HUD Capital Advance, or the rents or other income from the Development other than residual receipts authorized for release by HUD, without the prior written consent of HUD.
5. Transfer. Approval by HUD of a Transfer of Physical Assets (as defined in Handbook 4350-1 Rev-1) ("TPA") shall constitute approval of the transfer by the City and the Corporation shall deliver to the City, at the same time as its delivery to HUD, any application for HUD's approval of a proposed transfer. Also, the Corporation shall require the transferee to expressly assume the Corporation's obligations under the Regulatory Agreement; provided, however, HUD shall not be required to enforce the requirements of this sentence and if Corporation and any transferee fail to include such assumption in transfer documents, such failure shall not affect the validity of the transfer. The City shall have the right to specifically enforce the requirement that any transferee assume the Corporation's obligations under the Regulatory Agreement. In the absence of such written assumption, no transfer shall be deemed to relieve the transferor from any obligations under the Regulatory Agreement.
6. Default under City Documents. The City shall not declare a default under the Regulatory Agreement without prior written approval of HUD.
7. Deed-in-Lieu of Foreclosure. In the event that HUD acquires title to the Property by deed-in-lieu of foreclosure, the restrictions of the Regulatory Agreement will automatically terminate subject to the conditions as hereinafter described. City may cure

event HUD decides to accept a deed-in-lieu of foreclosure. HUD will only give such written notice if, at the time of the placing of the Deed of Trust against the Property, HUD receives a copy of an endorsement to the title policy of the Corporation or City which indicates that (a) the Regulatory Agreement has been recorded and (b) HUD is required to give notice of any proposed election or tender of a deed-in-lieu of foreclosure. Such notice shall be given at the address stated in the Regulatory Agreement or such other address as later on written notice to HUD, be designated by the City as its legal business address. The City shall have thirty (30) days to cure the default after notice of intent to accept a deed-in-lieu of foreclosure is mailed. This cure shall in no way allow City to acquire title to the Development, assume the HUD Capital Advance e Loan, acquire an interest in the Corporation or in any way encumber the Development. In the event HUD acquires title to the Development, HUD shall have no liability for any of the City's fees, including attorney fees allowed under the Regulatory Agreement.

8. Corporation's Notice to City. Notwithstanding the requirements set forth in Paragraph 7 above, in the event that Corporation contemplates executing a deed-in-lieu of foreclosure, Corporation shall first give the City thirty (30) days' prior written notice; provided, however, that the failure of the Corporation to give said notice shall have no effect on the right of HUD to accept a deed-in-lieu of foreclosure.

9. Amendment. Notwithstanding anything to the contrary in this Agreement, if any provision of this Rider tends to contradict, modify or in any way changes the terms of the regulatory agreement encumbering the Development to be entered into between the Secretary of HUD and the Owner (the "HUD Regulatory Agreement"), the terms of the HUD Regulatory Agreement shall prevail and govern; or if any provision of this Rider or the City of Oxnard Regulatory Agreement in any way tends to limit the Secretary of HUD in his or her administration of the Housing Act of 1959, as amended, or the Cranston-Gonzalez National Affordable Housing Act (collectively, the "Acts"), or the regulations pursuant thereto (the Regulations.), this Rider and/or the City of Oxnard Regulatory Agreement shall be deemed amended so as to comply with the Acts and/or Regulations. No other amendment to this Rider or the City of Oxnard Regulatory Agreement shall be effective without the prior written approval of the Secretary of HUD.

***Exempt from Recording Fees Pursuant to Section
27383 of the Government Code***

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SUBSTITUTION OF TRUSTEE AND DEED OF PARTIAL RECONVEYANCE
(Paseo de Luz
A-7098)**

The undersigned, the City of Oxnard, a California municipal corporation (the "Beneficiary"), in and under the provisions of that certain Deed of Trust with Assignment of Rents executed by Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation (the "Trustor") to Chicago Title Company, as "Trustee " for the Beneficiary, dated October 14, 2008, and recorded February 22, 2010 in the office of the Recorder of Ventura County, State of California, as Document No. 20100222-00023682-0, and of that certain First Amended and Restated Deed of Trust with Assignment of Rents executed by the Trustor to Trustee for the Beneficiary, dated February 23, 2010, and recorded June 2, 2010 in the office of the Recorder of Ventura County, State of California, as Document No. 20100602-00081477-0 (collectively, the "Deed of Trust"), in accordance with the provisions of said Deed of Trust, hereby give notice of the Submission and Appointment of the Beneficiary in place and instead of the Trustee, and do(es) hereby vest in said substituted Trustee, all the rights, title, estate, power, duty and trusts conferred by said Deed of Trust therein named.

NOW THEREFORE, the City of Oxnard, a California municipal corporation as substituted Trustee, does hereby GRANT AND PARTIALLY RECONVEY unto the parties entitled thereto without warranty, all the estate and interest derived to the said Trustee under said Deed of Trust in the land described in Exhibit A attached hereto, situated in the County of Ventura, State of California.

This Substitution of Trustee and Deed of Partial Reconveyance may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

[SIGNATURE PAGE FOLLOWS]

Dated: _____, 2010

SUBSTITUTED TRUSTEE:

CITY OF OXNARD, a California municipal
corporation

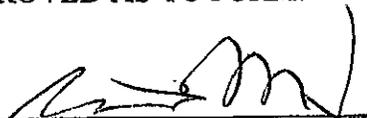
By: _____
Dr. Thomas E. Holden, Mayor

BENEFICIARY:

CITY OF OXNARD, a California municipal
corporation

By: _____
Dr. Thomas E. Holden, Mayor

APPROVED AS TO FORM:

By: 
Alan Holmberg, City Attorney

ATTEST:

By: _____
Daniel Martinez, City Clerk

SIGNATURE MUST BE NOTARIZED

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.

Notary Public

All that certain real property situated in the County of Ventura, State of California, described as follows:

PARCEL A:

Parcel 1 of Parcel Map No. 08-300-08, in the City of Oxnard, County of Ventura, State of California, as per map filed in Book 68, Pages 39 and 40 of Parcel Maps, in the Office of the County Recorder of said County.

EXCEPT THEREFROM all oil, gas, minerals and other hydrocarbon substances in, on, or under said land without the right of surface entry and without the right of subsurface entry except at a depth of more than 500 feet below the surface of said land as reserved by Andrew J. Borchard, by Deed recorded September 10, 1963, in Book 2390, Page 99 of Official Records.

PARCEL B:

A non-exclusive easement for roadway over and across the Southerly 20.00 feet of the Northerly 45.00 feet of Parcel "C", as said Parcel "C" delineated on that certain Map filed in Book 5, Page 37 of Parcel Maps, in the Office of the County Recorder of said Ventura County.

Assessor's Parcel Number: **139-0-250-035**

AND WHEN RECORDED MAIL TO:

Oxnard City Clerk's Office
305 West Third Street
Oxnard, CA 93030

No fee document pursuant to
Government Code Section 27383

THIS SPACE FOR RECORDERS USE ONLY

**PARTIAL TERMINATION AND RELEASE OF
REGULATORY AGREEMENT**

**(Paseo de Luz
A-7098)**

This Partial Termination and Release of Regulatory Agreement (the "Release") is made effective as of September 14, 2010, by the City of Oxnard, a California municipal corporation (the "City"). This Release pertains to that certain real property located in the City of Oxnard, California more particularly described in Exhibit A hereto (the "Paseo de Luz Parcel"), which exhibit is hereby incorporated herein by this reference.

WHEREAS, the City and Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation ("CEDC") entered into that certain Regulatory Agreement, dated October 14, 2008 and recorded February 4, 2010, in the Official Records of Ventura County as Instrument Number 20100204-00016503-0, and that certain First Amended and Restated Regulatory Agreement dated February 23, 2010 and recorded April 7, 2010, in the Official Records of Ventura County as Instrument Number 20100407-00052738-0 (collectively, the "City Regulatory Agreement");

WHEREAS, to provide for the subdivision of a development parcel owned by CEDC and encumbered by the City Regulatory Agreement, the City desires to release the City Regulatory Agreement as an encumbrance from the Paseo de Luz Parcel;

WHEREAS, in order to cause the removal of the City Regulatory Agreement from the Paseo de Luz Parcel, the City has agreed to enter into this Release, as hereinafter set forth.

NOW, THEREFORE, the City hereby acknowledges and agrees that the City Regulatory Agreement is partially terminated and the City hereby releases the Paseo de Luz Parcel from the restrictions of the City Regulatory Agreement and directs that the City Regulatory Agreement be removed as an encumbrance on the Paseo de Luz Parcel.

[SIGNATURE PAGE FOLLOWS]

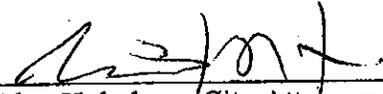
CITY:

CITY OF OXNARD, a California municipal corporation

By: _____
Dr. Thomas E. Holden, Mayor

APPROVED AS TO FORM:

ATTEST:

By: 
Alan Holmberg, City Attorney

By: _____
Daniel Martinez, City Clerk

[SIGNATURE MUST BE ACKNOWLEDGED]

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, 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.

Notary Public

All that certain real property situated in the County of Ventura, State of California, described as follows:

PARCEL A:

Parcel 1 of Parcel Map No. 08-300-08, in the City of Oxnard, County of Ventura, State of California, as per map filed in Book 68, Pages 39 and 40 of Parcel Maps, in the Office of the County Recorder of said County.

EXCEPT THEREFROM all oil, gas, minerals and other hydrocarbon substances in, on, or under said land without the right of surface entry and without the right of subsurface entry except at a depth of more than 500 feet below the surface of said land as reserved by Andrew J. Borchard, by Deed recorded September 10, 1963, in Book 2390, Page 99 of Official Records.

PARCEL B:

A non-exclusive easement for roadway over and across the Southerly 20.00 feet of the Northerly 45.00 feet of Parcel "C", as said Parcel "C" delineated on that certain Map filed in Book 5, Page 37 of Parcel Maps, in the Office of the County Recorder of said Ventura County.

Assessor's Parcel Number: **139-0-250-035**