

CHICAGO TITLE COMPANY

321388

WHEN RECORDED MAIL TO:

CITY CLERK  
City of Riverside  
City Hall, 3900 Main Street  
Riverside, California 92522

Project: Cathedral City  
Housing Project

RECEIVED FOR RECORD  
AT 8:00AM

JUL 31 1998

Recorded in Official Records  
of Riverside County, California

Recorder

Fees \$

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DECLARATION OF RESTRICTIONS  
AND REGULATORY AGREEMENT

THIS DECLARATION OF RESTRICTIONS AND REGULATORY AGREEMENT  
("Declaration of Restrictions") is made as of July 23, 1998, by COACHELLA  
VALLEY HOUSING COALITION ("Borrower") in favor of the City of Riverside, ("City").

RECITALS

A. The Borrower is acquiring and will rehabilitate and construct a rental housing development located in the City of Cathedral City, County of Riverside, California, as particularly described in Exhibit A attached hereto and incorporated herein, that will consist of 39 units of housing (the "Project"), twenty-five (25) of which will be for persons with acquired immunodeficiency syndrome or related diseases ("HIV/AIDS").

B. The Borrower has applied to the City for a Loan (the "Loan") and a Grant (the "Grant") of funds to assist the Borrower in the acquisition of the land for the Project and in the construction and rehabilitation of the residences.

C. The City has made a Grant and a Loan to Borrower under the authority of a Housing Opportunities for Persons with AIDS (HOPWA) Grant Agreement with the United States Department of Housing and Urban Development ("HUD") to finance costs associated with the acquisition and development of the real property described in Exhibit "B" attached hereto and incorporated herein by reference (the "Property") as very low or low income supportive housing for persons with HIV/AIDS. The Loan and Grant is evidenced by, among other documents, a Riverside HOPWA Program Loan and Grant Agreement between the City and Borrower dated as of July 23, 1998 (the "Agreement").

D. Concurrently herewith, the Borrower and the City have entered into the Agreement pursuant to which the City will loan Two Hundred Thousand Eight-Two Hundred Dollars (\$282,250) to the Borrower and will grant the amount not to exceed four hundred sixty-seven thousand seven hundred fifty and 00/100 dollars (\$467,750) for the Project.

E. As a condition to the Grant and Loan, the City will require the Borrower to execute this Declaration of Restrictions which will regulate twenty-five (25) residential units of the Project to insure that the units are occupied by persons with AIDS and their families for the term of this Declaration of Restrictions.

NOW, THEREFORE, the parties hereto agree as follows:

1. Recitals. The foregoing recitals are a part of this Regulatory.
2. The Agreement requires that the housing units on the Property be subject to the following restrictions (the "Affordability Restrictions"):
  - a. Twenty-five (25) of the thirty-nine (39) units to be developed or rehabilitated in the Project, shall at all times be occupied or available for rental by a Qualifying Very Low or Low Income Tenant with a positive HIV/AIDS diagnosis and their family for a period of (ten)10 years from the date of the Agreement. Income and HIV/AIDS diagnostic determination shall be made at the time of initial occupancy of a unit by a Tenant.
  - b. The total charges for rent, including a utility allowance, charged to each Qualifying Tenant shall be the higher of the following calculations:
    - (1) 30 percent of the household's monthly adjusted income (adjustment factors include the age of the individual, medical expenses, size of household and childcare expenses, as described in 24 CFR 813.102;
    - (2) 10 percent of the household's gross monthly income; or
    - (3) If the household is receiving welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs is specifically designated by the agency to meet the family's housing costs, the monthly portion of such payments which is so designated.
  - c. If a Qualifying Very Low or Low Income Tenant subsequently earns more than eighty percent (80%) of Median Income, such tenant must pay rent in an amount equal to not less than thirty percent (30%) of the individual's or family's adjusted monthly income, as recertified annually. The preceding sentence shall not apply to the extent a unit receives assistance in the form of low-income tax credits.

d. "Qualifying Very Low Income Tenant" means an individual, family or household earning fifty percent (50%) or less of median income for Riverside County as determined by HUD, adjusted for family size.

e. "Qualifying Low Income Tenant" means an individual, family or household earning eighty percent (80%) or less of median income for Riverside County as determined by HUD, adjusted for family size.

3. Compliance with Program Requirements. The Borrower agrees that at all times its acts regarding the Project and the use of funds provided herein shall be in conformity with all provisions of the HOPWA Program including the statutes, rules and regulations and such policies and procedures of the City and HUD pertaining thereto. The Borrower acknowledges that it is familiar with such applicable provisions and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to comply fully with such provisions.

4. Term of Declaration of Restrictions. The term of this Declaration of Restrictions shall commence upon recordation by the County Recorder of this Declaration of Restrictions and shall remain in full force and effect through and including the date which is ten (10) years following the date of completion of the Project as evidenced by the filing of a Notice of Completion in a form acceptable to the City unless terminated earlier pursuant to the terms of this Declaration of Restrictions.

5. Tenant Selection Standards. The Borrower shall use best efforts to cause all residential units in the Project, other than a manager's unit, to be rented only to persons with HIV/AIDS and their families.

6. Nondiscrimination. Except as provided herein with respect to housing preference to persons with HIV/AIDS, the Borrower shall not discriminate against any prospective tenant in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Project on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, or any other arbitrary basis. The Borrower shall otherwise comply with all applicable local, state and federal laws concerning discrimination in housing.

7. Restrictions on Sale, Encumbrance, and Other Acts.

a. Except for a transfer to Cathedral Housing Associates (the "Partnership") and leases to tenants in the ordinary course of business, the Borrower shall not make, or allow, any sale, encumbrance, hypothecation, assignment, pledge, conveyance, or transfer in any form of the Project or of any of its interest therein, except with the prior written approval of the City.

b. The City may approve a sale, transfer or conveyance from the Borrower to the Partnership provided that all of the following conditions are met:

(1) the Partnership is in compliance with this Declaration of Restrictions or the sale, transfer or conveyance will result in the cure of any existing violations of the Declaration of Restrictions;

(2) the successor-in-interest to the Partnership agrees to assume all obligations of the Partnership pursuant to this Declaration of Restrictions and the HOPWA Program;

(3) the successor-in-interest demonstrates to the City's satisfaction that it can own and operate the Project in full compliance with all HOPWA Program requirements; and

(4) any terms of the sale, transfer or conveyance shall not threaten the City's security or the successor's ability to comply with all HOPWA Program requirements.

c. The City shall grant its approval for a sale, transfer or conveyance subject to such terms and conditions as may be necessary to ensure compliance with HOPWA Program requirements.

d. The Borrower may not refinance the Project, or a portion thereof, without first obtaining the prior written approval of the City.

8. Violation of Declaration of Restrictions by Borrower. Any material breach by the Borrower of any representation, warranty or covenant hereunder, which is not cured within thirty (30) days after notice thereof given by the City or, where cure is not possible within thirty days, whose cure is not commenced within thirty (30) days and diligently prosecuted to completion shall constitute an Event of Default.

9. Amendment. This Declaration of Restrictions shall not be altered or amended except in writing, executed by the parties hereto.

10. Partial Invalidity. If any portion of this Declaration of Restrictions shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

11. Binding on Successors. This Declaration of Restrictions shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in interest, and assigns, provided, however, that except as provided herein, the Borrower or Partnership may not assign this Declaration of Restrictions or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

12. Recording Declaration of Restrictions. This Declaration of Restrictions, and all amendments thereto, shall be executed by each of the parties. This Declaration of Restrictions, or memorandum thereof, shall be recorded against the Property in the official records of the County of Riverside.

13. Hold Harmless. Absent the negligence or willful misconduct of the City, the Borrower and its successors in interest agree to indemnify, defend, and hold harmless the City and its respective agents, employees and officers from any and all claims, losses, liabilities or causes of action (including reasonable attorneys' fees) arising from or in connection with the Borrower's development, management, maintenance or operation of the Project.

14. Waiver. No waiver by the City of any breach of or default under this Declaration of Restrictions shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

15. Captions. The captions used in this Declaration of Restrictions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Declaration of Restrictions.

16. Governing Law. This Declaration of Restrictions shall be construed in accordance with and governed by the laws of the State of California.

17. Notice. Written notices and other written communications by and between the parties hereto shall be addressed as set forth below unless and until a party hereto has, in writing, communicated a different address to the other party hereto.

18. Attorney's Fees. The prevailing party in any action to enforce this Declaration of Restrictions shall be entitled to reasonable attorney's fees as determined by the trier of facts in that forum.

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CIA 6/16

The Borrower agrees, in accordance with the Agreement, this Declaration of Restrictions constitutes a covenant which runs with the land which shall bind successive owners of the Property.

BORROWER:

CITY OF RIVERSIDE,  
a municipal corporation

COACHELLA VALLEY HOUSING  
COALITION, a California nonprofit  
corporation

By: John E. Holmes  
City Manager

By: [Signature]  
JOHN F. MEALEY  
[Printed Name]

Attest: [Signature]  
City Clerk

EXECUTIVE DIRECTOR  
[Title]

By: [Signature]  
John F. Mealey  
[Printed Name]

EXECUTIVE DIRECTOR  
[Title]

APPROVED AS TO FORM:

Kathleen M. Bongar  
Assistant City Attorney

KMG/abs  
07/06/98

C/A 6/16

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of RIVERSIDE

On JULY 23, 1998 before me,

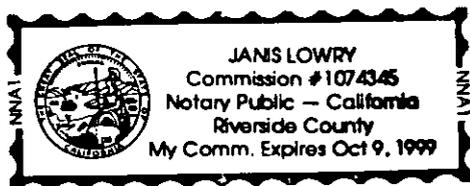
NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared JOHN E. HOLMES & COLLEEN NICOL

NAME(S) OF SIGNER(S)

[X] personally known to me - OR - [ ] proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) were 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.



WITNESS my hand and official seal.

[Signature] SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- [ ] INDIVIDUAL
[ ] CORPORATE OFFICER

TITLE OR TYPE OF DOCUMENT

- [ ] PARTNER(S) [ ] LIMITED
[ ] GENERAL

NUMBER OF PAGES

- [ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN/CONSERVATOR
[ ] OTHER:

DATE OF DOCUMENT

SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES)

SIGNER(S) OTHER THAN NAMED ABOVE

CIA 616

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of RIVERSIDE

On July 24, 1998 before me, YVETTE GARZA-MUELA, NOTARY PUBLIC

DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC" personally appeared JOHN F. MEALEY NAME(S) OF SIGNER(S)

personally known to me - OR - 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.



WITNESS my hand and official seal.

Handwritten signature of Yvette Garza-Muela

SIGNATURE OF NOTARY

YVETTE GARZA-MUELA

OPTIONAL

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CORPORATE OFFICER

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GENERAL

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Handwritten signature of Yvette Garza-Muela

SIGNATURE OF NOTARY

YVETTE GARZA-MUELA

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DATE OF DOCUMENT

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CIA 6016

EXHIBIT A

PROJECT DESCRIPTION

C/A 6/16

## Cathedral City Special Needs Project Project Description

### Overview

The Cathedral City Special Needs Project is an infill development/rehabilitation project designed for persons with HIV/AIDS in the City of Cathedral City. All of the units will serve persons with HIV/AIDS, a portion of which (25 units) will be reserved for homeless persons afflicted with the disease. Ten of the units will be provided through rehabilitation of an existing apartment building, with the remaining units provided through new construction. A total of 36 studios, two (2) one-bedroom and one (1) two-bedroom (manager's unit) will be provided upon completion.

The project site consists of three separate lots near the Downtown area of Cathedral City. A break-down of the units by lot is as follows:

- 37-155 Palo Verde Drive (Site A: Rehab) - 10 units, community room and utility room
- 68-375 Tahquitz Drive (Site B: New Const.) - 10 units and community space
- 37-095 Melrose Drive (Site C: New Const.) - 10 units Building A; 9 units (including manager's unit) Building B and community space

### Project Sponsor

The project is being developed by the Coachella Valley Housing Coalition (CVHC), a non-profit housing developer serving Riverside County, in collaboration with the City of Cathedral City, County of Riverside, City of Riverside, and the California Equity Fund. To date, the Coalition has provided over 1,600 units of affordable housing and housing for persons with special needs. *This is the first project serving persons with HIV/AIDS in the Coachella Valley, an area with the second highest incidence of reported cases of HIV/AIDS in the nation.*

The project will be managed by Hyder & Company, a full service residential property management firm in Southern California. Hyder & Company has extensive experience managing affordable housing projects, and is employed exclusively by CVHC in managing its projects. An on-site manager will be located at Site C. It is anticipated that the resident manager will be a current client of Desert AIDS Project who has undergone re-employment training.

Desert AIDS Project (DAP) a non-profit organization based in Palm Springs will provide support services to the site. DAP received funding through the Continuum of Care's Supportive Housing Program (SHP) for this purpose. Services will include re-employment training, and medical, social service, legal and transportation services. The integration of support services and housing is consistent with the philosophy of the Continuum of Care that is intended to assist special needs populations achieve self-sufficiency. DAP will also work closely with Hyder & Company in referrals to the project.

**EXHIBIT "A"**

**Design**

As noted above, the project sites are located near the Downtown area of Cathedral City. An emphasis was placed on developing a pedestrian-oriented development, maximizing opportunities for social interaction internally and among the three sites. The interiors were shaped specifically to respond to the physical, social and psychological needs of individuals suffering from this chronic illness. Spaces are organized for maximum flexibility, with lots of natural lighting. Each of the three sites contain community space for informal and formal social interactions. All units will be adaptable to handicapped standards (with the ADA-required number of units provided as well).

EXHIBIT B

THE PROPERTY  
(SITE LEGAL DESCRIPTION)

## EXHIBIT "B"

## PARCEL A:

LOT 1 OF BLOCK F OF SUNAIR TRACT NO. 1, IN THE CITY OF CATHEDRAL CITY, AS PER MAP RECORDED IN BOOK 22, PAGE 67 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

## PARCEL B:

LOT 113 OF SUNAIR TRACT NO. 3, IN THE CITY OF CATHEDRAL CITY, AS PER MAP RECORDED IN BOOK 30 PAGES 15 AND 16 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

## PARCEL C:

LOT 147 & 148 OF SUNAIR TRACT NO. 3, IN THE CITY OF CATHEDRAL CITY, AS PER MAP RECORDED IN BOOK 30, PAGE 15 AND 16 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.