

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: November 17, 2022

PREPARED BY: Jessica Gonzales, Housing Manager

REQUEST: APPROVE A HOUSING AGREEMENT BY AND BETWEEN THE CITY OF PALM DESERT AND PALM DESERT PACIFIC ASSOCIATES, LP., FOR THE VITALIA APARTMENT PROJECT LOCATED OFF GERALD FORD DRIVE, PALM DESERT

RECOMMENDATION:

1. Approve a Housing Agreement, substantially as to form, by and between the City of Palm Desert Pacific Associates, LP ("PD Pacific Associates"), in accordance with the conditions of approval of the development of 269-units known as Vitalia Apartments, a multifamily rental housing project located at located off Gerald Ford Drive, Palm Desert, California (the "Project").
2. Authorize the City Manager or his designee with consent of legal counsel to finalize such Housing Agreement and documents as described in the Housing Agreement, or which are otherwise required, to effectuate Housing Agreement.
3. Authorize the Mayor and/or City Manager to execute all necessary documents to facilitate the Housing Agreement and the City Clerk to record.

BACKGROUND/ANALYSIS:

Palm Desert Resolution No. 2021-57, Case No. PP/CUP 21-004 - Vitalia Apartments, was approved by City Council on August 26, 2021. As approved, the project is required to provide twenty-four (24 units) of the total 269 units of the units to be developed restricted as affordable units, to households not exceeding 80% of the area median income ("AMI") in Riverside County.

Subsequently on August 26, 2021, the SARDA Board authorized the Executive Director to enter into an Exclusive Negotiating Agreement (the "ENA") with the Developer for the purpose of negotiating the terms and conditions upon which SARDA would sell the Property to the Developer to develop the Project. Thereafter on January 20, 2021, the SARDA Board approved a Purchase and Sale Agreement ("PSA").

The project is currently owned by SARDA and is scheduled to be conveyed to Pacific Associates under the terms of the PSA, no later than December 31, 2022. As successor in interest upon conveyance, Pacific Associates understands that the conditions set forth in the approval of Resolution No. 2021-57 run with the land, and as the new owner of the Vitalia Apartment is subject to said provision.

As part of the project's approval, the developer is required to enter into a Housing Agreement in order to effectuate the condition for an affordable housing requirement. Without this agreement in place, the developer cannot obtain building or grading permits to construct the project.

City of Palm Desert
Vitalia Apartment Project – Housing Agreement

The Vitalia Apartments will include 269 total multi-family rental units. Twenty-four (24) of the rental units will be made available to low-income households earning no more than 80% AMI, and will be comprised of 12 one-bedroom, 6 two-bedroom units and 6 three-bedroom units. In addition to such affordability restrictions, the Housing Agreement terms include Pacific Associates providing the units affordable for 55 years or the useful life of the project and will transfer to any successors-in-interest in the real property.

It should be noted that the density bonus restrictions will be layered with the Palm Desert Housing Authority Loan's restrictions, and the extremely-low income restrictions will prevail. Staff, therefore, recommends approval of the Housing Agreement in accordance with the requirement of the affordable housing condition of approval pursuant to City Council Resolution No. 2021-57.

California Environmental Quality Act (CEQA):

The Vitalia Apartment project was approved by the Palm Desert City Council under Resolution No. 2021-57 on August 26, 2021. The project was evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA). Pursuant to the State CEQA Guidelines Section 15063, an Initial Study was prepared to analyze the environmental impacts of the project. The Initial Study concluded that no substantial adverse impacts were found that could not be mitigated to a level less than significant. Therefore, in accordance with CEQA, the City prepared a Mitigated Negative Declaration (MND) containing an evaluation of potential environmental impacts associated with the project and appropriate mitigation measures for each potential impact. A Mitigation Monitoring and Reporting Program (MMRP) was approved to ensure that implementation of CEQA occurs. Therefore, the approved MND satisfies the requirements of CEQA.

Strategic Plan:

This project achieves several priorities under the Land Use, Housing & Open Space chapter and the Transportation chapter of the Strategic Plan.

Land Use, Housing & Open Space

- Priority No. 2: "Facilitate development of high-quality housing for people of all income levels."

FINANCIAL IMPACT:

There is no fiscal impact to the City resulting from the approval of the Housing Agreement. However, upon close of escrow, any proceeds will be remitted to the taxing entities, including the City.

REVIEWED BY:

Department Director:	<i>Eric Ceja</i>
City Attorney	<i>Robert Hargreaves, BBK Law</i>

City of Palm Desert
Vitalia Apartment Project – Housing Agreement

Special Counsel to the City:	<i>Bruce W. Galloway, Richards, Watson & Gershon Law</i>
Finance Director:	<i>Veronica Chavez</i>
Assistant City Manager:	<i>Chris Escobedo</i>
Executive Director:	<i>Todd Hileman</i>

ATTACHMENTS:

1. City Draft Housing Agreement for Vitalia Apartments.
2. Map and Site Plan.

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260-2578
Attn: Jessica Gonzales

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

This Document is recorded for the benefit of the City of Palm Desert and is exempt from recording fees pursuant to Sections 6103, 27383 and 27388.1 of the California Government Code.

**HOUSING AGREEMENT
(Density Bonus Agreement)**

by and between

the CITY OF PALM DESERT,

and

PALM DESERT PACIFIC ASSOCIATES,
a California limited partnership

DATED AS OF _____, 2022

ARTICLE 1. DEFINITIONS AND INTERPRETATION

- 1.1 Definitions
- 1.2 Rules of Construction

ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS

- 2.1 Apartment Community and Affordable Units
- 2.2 Residential Rental Property
- 2.3 Low Income Households
- 2.4 Affordable Rent
- 2.5 Rent Increases
- 2.6 Income Recertification of Affordable Units
- 2.7 Lease or Occupancy Agreement
- 2.8 Security Deposits
- 2.9 Additional Information; Books and Records
- 2.10 Specific Performance
- 2.11 Audit
- 2.12 Management
- 2.13 Binding for Term

ARTICLE 3. TERM AND RECORDATION

- 3.1 Term of Agreement
- 3.2 Agreement to Record
- 3.3 Early Termination of Restrictions

ARTICLE 4. DEFAULT; REMEDIES

- 4.1 An Event of Default
- 4.2 City's Option to Lease
- 4.3 Specific Performance

TABLE OF CONTENTS (cont'd)

	Page
4.4 Action at Law; No Remedy Exclusive	
ARTICLE 5. GENERAL PROVISIONS	
5.1 Limitations on Recourse	
5.2 Maintenance, Repair, Alterations	
5.3 Notice	
5.4 Relationship of Parties	
5.5 No Claims	
5.6 Conflict of Interests	
5.7 Non-Liability of City Officials, Employees and Agents	
5.8 Unavoidable Delay; Extension of Time of Performance	
5.9 Indemnity	
5.10 Rights and Remedies Cumulative	
5.11 Applicable Law	
5.12 Severability	
5.13 Legal Actions	
5.14 Binding Upon Successors	
5.15 Time of the Essence	
5.16 Approval by the City	
5.17 Complete Understanding of the Parties	
5.18 Covenants to Run With the Land	
5.19 Burden and Benefit	
5.20 Counterparts	
5.21 Amendments	

TABLE OF CONTENTS (cont'd)

	Page
EXHIBIT A Description of Property	
EXHIBIT B Income Certification	
EXHIBIT C Certificate of Continuing Compliance	

HOUSING AGREEMENT

THIS HOUSING AGREEMENT (the “**Agreement**”) is dated as of _____, 2022, and is by and among the CITY OF PALM DESERT, a municipal corporation (the “**City**”), and PALM DESERT PACIFIC ASSOCIATES, a California Limited Partnership (the “**Owner**”). City and Owner are sometimes referred to herein individually as a “Party” and collectively as “Parties”.

RECITALS

This Agreement is predicated upon the following facts:

A. Pacific West Communities, Inc., an Idaho corporation ("Developer") has acquired the property described on Exhibit “A” (“Site”) from the Successor Agency to the Palm Desert Redevelopment Agency.

B. Developer has entered into a Loan Agreement (“Loan Agreement”) with the Authority which contemplates that the Authority, as successor to the housing assets of the former Palm Desert Redevelopment Agency, shall make a \$6,030,000.00 purchase money and construction loan (“Loan”) to Developer using moneys in the Authority’s low and moderate income housing asset fund for the purchase price for the Site and to pay certain construction costs of the 269 unit apartment project described in the Loan Agreement (“Project”). The Loan Agreement requires that Developer execute and record this Agreement against the Site and Project, and provides that an uncured default under this Agreement shall constitute a default under the Loan Agreement and shall entitle the Authority to accelerate the maturity date of the Loan.

C. As described in Resolution No. 2021-57 adopted by the City Council of the City, the City has granted a 12.5% density bonus to Developer consisting of a reduction in the required parking from 538 spaces to 420 spaces, in exchange for Developer’s compliance with this Agreement.

E. This Agreement is that density bonus restrictions agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Owner hereby agree as follows:

ARTICLE 1. DEFINITIONS AND INTERPRETATION.

1.1 Definitions.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“**Affordable Units**” shall mean twenty-four (24) of the units in the Apartment Community available to and occupied by, or held vacant for occupancy only by Low Income

Households and rented at an Affordable Rent. The Affordable Units will include the number of bedrooms shown on the following table:

Bedroom Size	Low Income Household Units
One	12
Two	6
Three	6
Total:	24

“Affordable Rent” shall mean rent for an Affordable Unit, including a Reasonable Utility Allowance, determined pursuant to California Health and Safety Code Section 50053(b) and the state regulations adopted by the California Department of Housing and Community Development (“HCD”) pursuant thereto, as amended from time to time, based upon the AMI adjusted for a Household Size Appropriate to the Affordable Unit. More specifically, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of sixty percent (60%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve.

“AMI” shall mean the area median income for Riverside County as published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50052.5, or successor statute, as adjusted for family size in accordance with the state regulations adopted pursuant to California Health and Safety Code Section 50052.5.

“Household Size Appropriate to the Affordable Unit” in the absence of pertinent federal statutes or regulations applicable to the Apartment Community, shall have the meaning set forth in California Health and Safety Code Section 50052.5(h), as amended from time to time.

“Reasonable Utility Allowance” shall mean a utility allowance for utilities paid by a tenant (not including telephone, internet or cable service) utilizing the utility allowance schedule published annually by the Housing Authority of the County of Riverside.

“Required Covenant Period” shall mean the period commencing on the date all units in the Apartment Community have been completed as evidenced by the City’s issuance of a final Certificate of Occupancy for the Apartment Community, and ending as of the fifty-fifth (55th) anniversary thereof.

“Low Income Household” shall mean persons and families who meet the sixty percent (60%) or less of AMI income qualification limits set forth in California Health and Safety Code Section 50079.5 and Title 25 of the California Code of Regulations, including Section 6910, as such statute and regulations are amended from time to time.

1.2 Rules of Construction.

1.2.1 The singular form of any word used herein, including the terms defined herein shall include the plural and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

1.2.2 Unless otherwise specified, references to articles, sections, and other subdivisions of this Agreement are to the designated articles, sections, and other subdivisions of this Agreement as originally executed. The words “hereof,” “herein,” “hereunder,” and words of similar import shall refer to this Agreement as a whole.

1.2.3 All of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

1.2.4 Headings or titles of the several articles and sections hereof and the table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of the provisions hereof.

ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS.

2.1 Apartment Community and Affordable Units.

The Owner shall develop and construct the Apartment Community within a portion of the Project on the Property in conformity with the Loan Agreement. Thereafter, during the Required Covenant Period, the Owner agrees that not less than twenty-four (24) units in the Apartment Community shall be Affordable Units under this Agreement, meaning that such units shall be continually available to and occupied by, or held vacant for occupancy only by, Low Income Households. All of the rental units in the Apartment Community shall be similarly constructed and all of the Affordable Units shall be generally constructed at the same time as those units which are available to other tenants, and distributed in terms of location throughout the Apartment Community. The Affordable Units shall be of comparable quality to those rental units in the Apartment Community which are available to other tenants. The Owner agrees that, to the extent commercially reasonable, Affordable Units will not be underutilized. No persons shall be permitted to occupy any Affordable Unit in excess of applicable limit of maximum occupancy set by the City’s Municipal Code and the laws of the State of California.

2.2 Residential Rental Property.

The Owner covenants to operate the Apartment Community as residential rental property. During the Required Covenant Period, the Affordable Units will be held and used for the purpose of providing residential living, and the Owner shall own, manage and operate, or cause the management and operation of, the Apartment Community to provide such affordable rental housing. All of the rental units in the Apartment Community **with the exception of three (3) manager units** will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the units in the Apartment Community, except as required under this Agreement. The Owner shall not convert any Affordable Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Affordable Unit(s) during the term of this Agreement.

2.3 Low Income Households.

2.3.1 Income Qualification; Initial Certification. Subject to the applicable provisions hereof, throughout the Required Covenant Period, the Affordable Units restricted by this Agreement will be exclusively occupied by, or available for occupancy only by Low Income Households on a continuous basis. Prior to the rental or lease of an Affordable Unit **and in accordance with Section 2.6 hereof**, the Owner will obtain and maintain on file a Household Income Certification (“**Income Certification**”) substantially in the form attached hereto as **Exhibit “B”** and incorporated herein by this reference for each Low Income Household, and shall provide copies of same to the City at such times as the City may, from time to time, reasonably require. In addition, the Owner will provide such further information as may reasonably be required in the future by the City. The Income Certification shall be dated immediately prior to the applicable household’s initial occupancy of an Affordable Unit. The Owner shall make a good faith effort to verify that the income provided by an applicant in an Income Certification is accurate by taking any one or more of the following steps as part of the verification process for all household members over the age of eighteen (18) as appropriate:

- (i) Obtain two (2) pay stubs for the two (2) most recent pay periods;
- (ii) Obtain a true copy of an income tax return for the most recent tax year in which a return was filed;
- (iii) Obtain an income verification form from the household member’s current employer;
- (iv) Obtain an income verification form from the Social Security Administration and/or the State Department of Social Services, or its equivalent, if the household member receives assistance from either of those agencies;
- (v) If the household member is unemployed and has no tax return, obtain another form of independent verification; or
- (vi) Obtain such other documentation as may be reasonably acceptable pursuant to Title 25 of the California Code of Regulations, as amended from time to time, to verify income.

2.3.2 Certificate of Continuing Program Compliance; Annual Report. Throughout the Required Covenant Period, the Owner will prepare and submit to the City, at such periodic frequency as the City might reasonably require, but not more than once annually, a Certificate of Continuing Compliance in substantially the form attached hereto as **Exhibit “C”** and incorporated herein by this reference, and executed by the Owner. The Owner will also prepare and submit to the City on or before each anniversary date of the commencement of the Required Covenant Period, and for the preceding calendar year, a report in form and substance reasonably satisfactory to the City summarizing the vacancy rate of the Apartment Community, including the number of Affordable Units held vacant for occupancy by Low Income Households for such calendar year.

2.4 Affordable Rent. Throughout the Required Covenant Period, an Affordable Rent shall be charged to the Low Income Household occupants of Affordable Units, as more specifically described above.

2.5 Rent Increases. Rents for Affordable Units may be increased not more than once per year and twelve (12) months must have elapsed since the date of the tenant's initial occupancy or the last rent increase. The rents charged following such an increase, or upon a vacancy and new occupancy by a Low Income Household shall not exceed an Affordable Rent. The Owner shall, consistent with applicable law, give proper written notice to tenants of all rent increases, and upon written request, provide the City with reasonable detail concerning the amount of and rationale for such rent increases.

2.6 Income Recertification of Affordable Units. Annually, on the anniversary date of occupancy of an Affordable Unit by a Low Income Household, the Owner shall obtain and maintain on file an annual income certification, in form and substance reasonably satisfactory to the City, from each household occupying an Affordable Unit, based upon the current income of each household member over the age of eighteen (18). The Owner shall make a good faith effort to verify that the income provided by the household is accurate in accordance with Section 2.3.1, above.

2.6.1 A rental unit occupied by a household that qualifies as a Low Income Household, as applicable, at the time the household first occupies an Affordable Unit shall be deemed to continue to be so occupied until a recertification of such household's income demonstrates that such household no longer qualifies as a Low Income Household. At such time as a household ceases to qualify as a Low Income Household based on income recertification, the Owner shall designate the next available unit (one that is not occupied by a tenant) with the same number of bedrooms as the occupied Affordable Unit and it shall be leased to a Low Income Household, so that the number of Affordable Units occupied by or reserved for occupancy by Low Income Households will remain constant. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available solely for occupancy by a Low Income Household and, upon occupancy, the income eligibility of the household as a Low Income Household is verified and the unit is rented at Affordable Rent.

2.7 Lease or Occupancy Agreement. Prior to the rental or lease of an Affordable Unit to a Low Income Household, the Owner shall require the tenant to execute a written lease or occupancy agreement. The Owner shall maintain on file throughout the Required Covenant Period and for a four (4) year period thereafter, the executed lease or occupancy agreement of each tenant occupying an Affordable Unit. The form of lease or occupancy agreement used by the Owner for the lease or rental of Affordable Units shall be that which is reasonable and customary in residential leasing. In addition, each lease or occupancy agreement for an Affordable Unit shall (i) provide that the tenants of such Affordable Unit shall be subject to annual recertification of income and subject to rental increases in accordance with Sections 2.5 and 2.6 of this Agreement, and (ii) contain a provision to the effect that the Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or occupancy agreement.

2.7.1 The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

2.7.2 The covenants established herein shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, and its successors and assigns, and shall burden and run with the Property.

2.7.3 The City is deemed to be the beneficiary of the terms and provisions of the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these covenants running with the land have been provided.

2.8 Security Deposits. The Owner may require security deposits on Affordable Units in amounts which are consistent with applicable law.

2.9 Additional Information; Books and Records. The Owner shall provide any additional information concerning the Affordable Units reasonably requested by the City. The Owner will maintain complete and accurate records pertaining to the Affordable Units throughout the Covenant Period and for a four (4) year period thereafter. The City shall have the right upon written notice of no less than two (2) business days to the Owner, at any time during normal business hours of 9:00 am to 5:00 pm, to examine of all books, records or other documents maintained by the Owner or by any of the Owner's agents which pertain to any Affordable Unit, including all executed leases or **occupancy** agreements and all Income Certifications, and obtain copies of any requested executed leases, **occupancy** agreements and Income Certifications within ten (10) business days following such examination and the City's written request.

2.10 Specific Performance. The Owner hereby agrees that specific enforcement of the Owner's agreement to comply with the allowable rent and occupancy restrictions and covenants contained herein is one of the reasons and consideration for the City having granted a density bonus and that, in the event of the Owner's breach of such requirements, potential monetary damages to the City, as well as to existing and prospective Low Income Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which the City may be entitled as a consequence of the breach hereof, the Owner agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Owner in complying with any provision of this Agreement beyond any applicable notice and cure period.

2.11 Audit. The City shall have the right to perform an audit of the Apartment Community to determine compliance with the provisions of this Agreement. Such audit shall not be undertaken more often than once each calendar year. All costs and expenses associated with the audit shall be paid by the Owner.

2.12 Management. The Owner and/or the management agent (if not the Owner) shall operate the Apartment Community in a manner that will provide decent, safe and sanitary residential facilities to the occupants thereof, and will comply with provisions of this Agreement. Upon the written request of the City, the Owner shall cooperate with the City in the periodic review (but not more than once each calendar year) of the management practices and financial status of the Affordable Units. The purpose of each periodic review will be to enable the City to determine if the Affordable Units are being operated and managed in accordance with the requirements and standards of this Agreement. Results of such City review shall be provided to the Owner, and

the City shall have the authority to require the Owner to make modifications that are reasonably necessary to ensure the objectives of this Agreement are met.

2.13 Binding for Term. It is intended by the Parties that **except as otherwise expressly provided herein** the provisions of this Agreement shall apply to the Apartment Community throughout the entire term hereof, as established in Section 3.1 below.

ARTICLE 3. TERM AND RECORDATION.

3.1 Term of Agreement. This Agreement shall remain in full force and effect for the Required Covenant Period, unless the Owner and the City agree, in writing, to terminate this Agreement prior to the expiration of the Required Covenant Period. Unless terminated earlier pursuant to the prior sentence of this Section 3.1, or Section 3.3 below, the Parties intend that the provisions and effect of this Agreement and specifically of Article 2 hereof, shall remain in full force and effect for the entire Required Covenant Period.

3.2 Agreement to Record. The Owner represents, warrants, and covenants that this Agreement will be recorded in the real property records of Riverside County.

3.3 Suspension of Restrictions. Notwithstanding the generality of the foregoing provisions of this Article 3 or any other provisions hereof, this Agreement and all of the terms and restrictions contained herein shall be suspended for any period of involuntary noncompliance as a result of unforeseen events such as fire or act of God which leaves the entire Apartment Community uninhabitable (and the proceeds of insurance available to the Owner as a result thereof are insufficient to reconstruct the Apartment Community), or a change in a federal or state law or an action by the federal government, the State or a court of competent jurisdiction, after the date of recordation hereof, that prevents the City from enforcing the provisions of this Agreement, or a condemnation or a similar event.

ARTICLE 4. DEFAULT; REMEDIES.

4.1 An Event of Default. Each of the following shall constitute an “Event of Default” by the Owner under this Agreement:

4.1.1 Failure by the Owner to duly perform, comply with and observe any of the conditions, terms, or covenants of any agreement with the City concerning the Apartment Community, or of this Agreement, if such failure remains uncured thirty (30) days after written notice of such failure from the City to the Owner in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Owner fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different period or notice requirement is specified under any other section of this Agreement, then the specific provision shall control.

4.1.2 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate, or report submitted by the Owner to the City proves to have been incorrect in any material respect when made.

4.1.3 A court having jurisdiction shall have made or rendered a decree or order: (i) adjudging the Owner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Owner or seeking any arrangement on behalf of the Owner under the bankruptcy laws or any other applicable debtor's relief law or statute of the United States or of any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Owner in bankruptcy or insolvency or for any of its properties; or (iv) directing the winding up or liquidation of the Owner, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

4.1.4 The Owner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the Owner is diligently working to obtain a return or release of the property and the City's interests hereunder are not imminently threatened in its reasonable business judgment, then the City shall not declare a default under this subsection.

4.1.5 The Owner shall have voluntarily suspended its business or dissolved.

4.1.6 The seizure or appropriation of all or, in the reasonable opinion of the City, a substantial part of the Apartment Community, except for condemnation initiated by the City or any governmental agency or authority.

4.2 City's Option to Lease. Upon the occurrence of an Event of Default, and to cause the Apartment Community to meet the requirements of this Agreement, the Owner hereby grants to the City the option to lease up to all of the rental units as necessary to achieve compliance with the provisions of Article 2 of this Agreement and for the purpose of subleasing such units in accordance with the requirements of this Agreement. The amount of rental to be paid by the City for such rental units following the exercise of the City's option shall be equal to the applicable Affordable Rent. Any rental paid under any such sublease shall be paid to the City without obligation to pay any such rent to the Owner during the pendency of the Owner's default.

4.3 City and Authority Remedies. The City shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Owner to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof, provided that in any such case the City has first provided the required notice of any alleged default and the Owner has had the requisite opportunity to cure pursuant to Section 4.1.1, above. Additionally, an uncured default under this Agreement shall entitle the Authority to accelerate the Authority Loan.

4.4 Action at Law; No Remedy Exclusive. The City may take whatever action at law or in equity as may be necessary to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Agreement. No remedy herein conferred upon or reserved by the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or

omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as the City may deem expedient. In order to entitle the City to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein otherwise expressly required or required by law to be given.

ARTICLE 5. GENERAL PROVISIONS.

5.1 Limitations on Recourse. Notwithstanding anything to the contrary contained in this Agreement, except in the event of fraud, waste, or illegal acts, or with regard to any indemnity obligations imposed upon the Owner under the terms of this Agreement, (i) no partner, member, officer or director, as applicable, of the Owner (each, an “**Owner Affiliate**”) shall have any direct, indirect or derivative personal liability for the obligations of the Owner under this Agreement, and (ii) the City shall not exercise any rights or institute any action against any Owner Affiliate directly, indirectly or derivatively for the payment of any sum of money that is or may become payable hereunder.

5.2 Maintenance, Repair, Alterations. The Owner shall maintain and preserve the Apartment Community in good condition and repair and in a prudent and businesslike manner. The Owner shall comply with all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Apartment Community or any part thereof or requiring any alteration or improvement to be made thereon. The Owner shall not commit, suffer, or permit any act to be done in, upon, or to the Apartment Community or any part thereof in violation of any such laws, ordinances, rules, regulations, or orders. The Owner hereby agrees that the City may conduct from time to time through representatives, upon reasonable notice of no less than twenty-four (24) hours, on-site inspections and observation of: (i) the maintenance and repair of the Apartment Community, including a review of all maintenance and repair programs and practices and all reports and records pertaining thereto, including records of expenditures relating thereto; and (ii) such other facilities, practices, and records of the Owner relating to the Affordable Units as the City reasonably deems to be necessary or appropriate in order to monitor the Owner’s compliance with the provisions of this Agreement.

5.3 Notices. All notices (other than telephone notices), certificates or other communications (other than telephone communications) required or permitted hereunder shall be sufficiently given and should be deemed given when sent by telegram, or when sent by facsimile (if confirmed by sending a copy of such transmission by mail the same calendar day), or forty-eight (48) hours following mailing by registered or certified mail, postage prepaid, or twenty-four (24) hours following transmission of such notice by express mail, Federal Express or similar commercial carrier, addressed as follows:

If to the City and/or Authority:

City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260-2578
Attn: Housing Division

Phone: (760) 346-0611
Fax: (760) 341-6372

If to the Owner:

Palm Desert Pacific Associates
c/o Pacific West Communities, Inc.
430 E. State Street, Suite 100,
Eagle, ID 83616
Attention: Caleb Roope
With a copies to:

McReynolds & McCormack, PLLC
430 E. State Street, Ste.140
Eagle, ID 83616
Attention: Clay McReynolds

And:

BF Vitalia, LLLP
101 Arch Street, 13th Floor
Boston, MA 02110
Attn: Asset Management - Vitalia Apartments

5.4 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and the Owner or the Owner's agents, employees or contractors, and the Owner shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the operation of the Apartment Community. The Owner has and hereby retains the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance of services hereunder. In regards to the on-site operation of the Apartment Community, the Owner shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters. The Owner agrees to be solely responsible for its own acts and those of its agents and employees.

5.5 No Claims. Nothing contained in this Agreement shall create or justify any claim against the City by any person the Owner may have employed or with whom the Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation of the Affordable Units.

5.6 Conflict of Interests. No member, official or employee of the City shall make any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the City.

5.7 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to the Owner, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Owner or successor in connection with this Agreement or on any obligation of the City under the terms of this Agreement.

5.8 Unavoidable Delay; Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where it is due to an “Unavoidable Delay.” “**Unavoidable Delay**” means a delay due to the elements (including unseasonable weather), fire, earthquakes or other acts of God, strikes, pandemics, labor disputes, lockouts, shortages of construction materials experienced generally in the construction industry in the local area, acts of the public enemy, riots, insurrections or governmental regulation of the sale or transportation of materials, supply or labor; provided, however, that to the extent a delay is caused by any other reason that the Owner reasonably believes is beyond its control, the Owner may request, on a case-by-case basis, that the City excuse any such delay as an Unavoidable Delay and the City shall make its determination as to whether such delay constitutes an Unavoidable Delay using its reasonable judgment.

5.9 Indemnity. The Owner shall indemnify, defend and hold harmless the City and all officials, employees and agents of City (with counsel reasonably satisfactory to the City) against any costs, liabilities, damages or judgments arising from claims or litigation of any nature whatsoever brought by third parties and directly or indirectly arising from the Owner’s ownership or operation of the Apartment Community, or the Owner’s performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the City free and harmless therefrom. Notwithstanding the foregoing, the indemnity provisions contained in this Section 5.9 shall not apply with respect to any costs, liabilities, damages or judgments arising directly or indirectly from the City’s rental of units within the Apartment Community as described in Section 4.2 hereof. The provisions of this Section 5.9 shall survive the term of this Agreement.

5.10 Rights and Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party. No waiver of any default or breach by the Owner hereunder shall be implied from any omission by the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City to or of any act by the Owner requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done

pursuant to notice of default, or prejudice the City in the exercise of any right, power, or remedy hereunder or under any agreements ancillary or related hereto.

5.11 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

5.12 Severability. If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

5.13 Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (including all legal fees incurred in any appeal or in any action to enforce any resulting judgment), as awarded by a court of competent jurisdiction.

5.14 Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the permitted heirs, administrators, executors, successors in interest and assigns of each of the Parties. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms hereof or under law.

5.15 Time of the Essence. In all matters under this Agreement, time is of the essence.

5.16 Approval by the City. Any approvals required under this Agreement shall be made by the City Manager or his or her designee, and shall not be unreasonably withheld, conditioned, delayed or made, except where it is specifically provided herein that another standard applies, in which case the specified standard shall apply.

5.17 Complete Understanding of the Parties. This Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters described herein.

5.18 Covenants to Run With the Land. The Owner hereby subjects the Apartment Community to the covenants, reservations, and restrictions set forth in this Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations, and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Apartment Community; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Apartment Community or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Agreement shall defeat or render invalid

the lien of a mortgage or deed of trust made in good faith and for value encumbering the Property or any interest of the Owner therein.

5.19 Burden and Benefit. The City and the Owner hereby declare their understanding and intent that: (i) the burden of the covenants, reservations, restrictions, and agreements set forth herein touch and concern the Property and the Apartment Community, in that Owner's legal interest in the Apartment Community is rendered less valuable thereby, (ii) the covenants, reservations, restrictions, and agreements set forth herein directly benefit the Property and the Apartment Community (a) by enhancing and increasing the enjoyment and use of the Apartment Community by certain Low Income Households, the intended beneficiaries of such covenants, reservations, restrictions, and agreements, (b) by making possible the obtaining of advantageous financing for the Property and the Apartment Community, and (c) by furthering the public purposes advanced by the City, and (iii) the covenants, reservations, restrictions and agreements set forth herein shall run with the Property and shall be binding for the benefit of and enforceable by the City and its successors and assigns for the entire Term of this Agreement.

5.20 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

5.21 Amendments. This Agreement may be amended only by the written agreement of the City and the Owner.

WHEREFORE, the undersigned has executed this Agreement as of the date first-above written.

OWNER:

PALM DESERT PACIFIC ASSOCIATES,
a California Limited Partnership

By: TPC HOLDINGS IX, LLC,
an Idaho limited liability company
Its: Administrative General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Name: Caleb Roope
Its: President and CEO

By: CENTRAL VALLEY COALITION
FOR AFFORDABLE HOUSING, a
California Nonprofit Public Benefit
Corporation
Its: Managing General Partner

By: _____
Name: Christina Alley
Chief Executive Officer

CITY:

CITY OF PALM DESERT,
a municipal corporation

By: _____
Name: _____
Title: _____

ATTEST:

Anthony J. Mejia, City Clerk

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California)

County of _____)

On _____, 2022, before me,
_____,
(insert name and title of the officer)

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.

Signature _____(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California)

County of _____)

On _____, 2022, before me,
_____,
(insert name and title of the officer)

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.

Signature _____(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California)

County of _____)

On _____, 20__, before me,
_____,
(insert name and title of the officer)

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.

Signature _____(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Palm Desert, County of Riverside, State of California, described as follows:

A PORTION OF PARCEL 1 OF THAT CERTAIN CERTIFICATE OF COMPLIANCE NO. 88-1, RECORDED JUNE 1, 1988 AS INSTRUMENT NO, 146461 OF OFFICIAL RECORDS. IN THE CITY OF PALM DESERT. COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, LOCATED IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 NORTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 1;

THENCE NORTH 89°55'15" EAST, ALONG THE NORTHERLY LINE OF SAID PARCEL 1, SAID LINE ALSO BEING THE SOUTHERLY RIGHT-OF-WAY LINE OF GERALD FORD DRIVE, A DISTANCE OF 514.35 FEET;

THENCE SOUTH 47°23'23" EAST, A DISTANCE OF 34.01 FEET,
THENCE SOUTH 00°03'36" WEST, A DISTANCE OF 942.64 FEET,
THENCE NORTH 89°56'24" WEST, A DISTANCE OF 539.40 FEET;

THENCE NORTH 00°03'36" EAST, ALONG THE WESTERLY LINE OF SAID PARCEL 1 AND THE SOUTHERLY EXTENSION THEREOF, A DISTANCE OF 964.39 FEET, TO THE POINT OF BEGINNING.

EXHIBIT “B”

HOUSEHOLD INCOME CERTIFICATION

(Attached)

AFFORDABLE HOUSING HOUSEHOLD INCOME CERTIFICATION

Applicant (s) Name: _____

Address: _____ Unit No. _____ # Bedrooms: _____

Program Eligibility and Affordability verifications for Low Income Households shall be performed as required by Title 25 subject to eligibility verification procedures and requirements described therein, and as amended from time to time. The following outlines how annual income is calculated to determine household income eligibility, which is required in order to determine a person, family or Household to be a "Qualified Household" as established by the Program and Redevelopment Law.

The following questions will assist you in completing the HOUSEHOLD INCOME CERTIFICATION. When answering the questions answer "Yes" if any of the information requested or income source pertains to any person, co-applicant, or adult individual member of the household (individuals 18 years and older) during the 12 months following the date of the certification.

HOUSEHOLD COMPOSITION (List all members of the household including yourself that will occupy the unit applied for.)			
Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (M/D/YYYY)
		Self	
TOTAL HOUSEHOLD MEMBERS:			#

PART I. HOUSEHOLD INCOME INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 EMPLOYMENT (wages, overtime, etc.) <i>List name of employer: _____</i>	(use <u>gross</u> income; amount before any pay deductions) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 SELF EMPLOYED <i>List nature of self employment: _____</i>	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3 OTHER EMPLOYMENT RELATED COMPENSATION (i.e.; tips, bonuses)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4 SOCIAL SECURITY INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5 SUPPLEMENTAL SECURITY INCOME (SSI)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6 CASH CONTRIBUTIONS (i.e.; From third parties including gifts for rent or utility payments)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7 PUBLIC ASSISTANCE INCOME (Welfare, food stamps, foster care assistance)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8 UNEMPLOYMENT BENEFITS	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9 VETERAN'S BENEFIT/INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10 DISABILITY OR DEATH BENEFITS OTHER THAN SSI	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	11 CHILD SUPPORT/ALIMONY/SPOUSAL SUPPORT PAYMENTS (Received by any and all household members. Note for how many children did you receive support: _____)	\$ _____

Rev 3/12/10

HOUSEHOLD INCOME CERTIFICATION
PAGE 2 OF 3

FILE NO. _____
EFFECTIVE DATE _____

YES	NO	INCOME INFORMATION (CONTINUED) All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	12	TRUSTS PAYMENTS, ANNUITY PAYMENTS, RETIREMENT PAYMENTS, WORKERS COMPENSATION PAYMENTS, SEVERANCE PAYMENTS, LOTTERY WINNINGS OR OTHER INCOME. <i>List sources:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	13	RENTAL, REAL OR PERSONAL PROPERTY INCOME	\$ _____
TOTAL MONTHLY INCOME (BOX A)				\$ _____

PART II. HOUSEHOLD ASSET INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	1	CHECKING ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	SAVINGS ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3	TRUST ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4	REAL ESTATE: <i>Provide description:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5	STOCKS, BONDS, OR TREASURY BILLS: <i>List sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6	CERTIFICATES OF DEPOSIT (CD) OR MONEY MARKET ACCOUNT(S): <i>List Sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7	IRA/LUMP SUM PENSION/KEOGH ACCOUNT/401 K: <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8	LIFE INSURANCE POLICY CASH VALUE: <i>How many policies:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9	DISPOSED OF ASSETS (i.e. gave away money/assets for less than the fair market value in the past 2 years) <i>List items and date disposed:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10	OTHER ASSETS OR CAPITAL INVESTMENTS <i>Describe source:</i> _____	\$ _____
TOTAL ASSET VALUE (BOX B)				\$ _____

[https://palmdesertcity-mt.sharepoint.com/personal/cooknms_dtycpalmdesert_org/Documents/Desktop/Household Income Certification Form_Celine Edit 9.1.22.doc](https://palmdesertcity-mt.sharepoint.com/personal/cooknms_dtycpalmdesert_org/Documents/Desktop/Household%20Income%20Certification%20Form_Celine%20Edit%209.1.22.doc)

PART III. HOUSEHOLD STUDENT STATUS

YES	NO		All sources are to be disclosed below for all household members who are <u>STUDENTS</u> unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	IS ANY HOUSEHOLD MEMBER A FULL-TIME STUDENT (i.e.; College/University, trade school, etc.)	
<i>IF QUESTION NO. 1 IS NO, SKIP TO PART IV</i>				
<input type="checkbox"/>	<input type="checkbox"/>	2	DOES STUDENT FILE A JOINT TAX RETURN WITH OTHER HOUSEHOLD MEMBERS	
<input type="checkbox"/>	<input type="checkbox"/>	3	IS STUDENT A DEPENDENT OF ANOTHER INDIVIDUAL <i>Explain:</i> _____	
<input type="checkbox"/>	<input type="checkbox"/>	4	DOES STUDENT RECEIVE FINANCIAL AID. IF YES ENTER AMOUNT (i.e.; Public or private, not including student loans).	\$ _____
<i>IF QUESTION NO. 4 IS NO, SKIP TO PART IV</i>				
<input type="checkbox"/>	<input type="checkbox"/>	5	DOES STUDENT RECEIVE FINANCIAL AID THAT INCLUDES HOUSING/SHELTER ALLOWANCE. IF YES ENTER AMOUNT.	\$ _____
				TOTAL FINANCIAL AID ASSISTANCE (BOX C) \$ _____

PART IV. HOUSEHOLD UNUSUAL EXPENSES

YES	NO		All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	MEDICAL EXPENSES NOT COVERED BY INSURANCE EXCEEDING 25% OF THE GROSS HOUSEHOLD ANNUAL INCOME INCLUDING INSURANCE MONTHLY PREMIUM <i>Describe</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	UNUSUAL EXPENSES PAID BY HEAD OF HOUSEHOLD UNUSUAL FOR THE CARE OF MINORS UNDER 13 YEARS OF AGE, DISABLED, OR HANDICAPPED HOUSEHOLD MEMBERS NECESSARY FOR GAINFUL EMPLOYMENT <i>Describe</i> _____	\$ _____
				TOTAL ANNUAL UNUSUAL EXPENSES (BOX D)
<i>(Explanation of Benefits must be provided as proof and all receipts for the non-covered medical expenses.)</i>				\$ _____

TOTAL NET ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES
(Box (A + B + C) - (D) = total)

\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum household income eligibility. I/we have provided each person(s) set forth in Part I acceptable verification of current anticipated annual income. I/we agree to notify immediately upon any changes in income, household size or composition, or any other information.

Under penalty of perjury of the laws of the State of California, I/we certify that the information presented in the Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

[https://palmdesertcity-my.sharepoint.com/personal/coburn_dtyc@palmdesert.org/Documents/Desktop/Household Income Certification Form Celine Edit 9.1.22.doc](https://palmdesertcity-my.sharepoint.com/personal/coburn_dtyc@palmdesert.org/Documents/Desktop/Household%20Income%20Certification%20Form%20Celine%20Edit%209.1.22.doc)

EXHIBIT “C”

CERTIFICATE OF CONTINUING COMPLIANCE

(Attached)

CITY OF PALM DESERT
OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

To: City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260
ATTN: HOUSING DIVISION

Report Date: _____

Certification Dates: From: _____

To: _____

Project Name: _____

Project No.: _____

Project Address: _____

City: _____ Zip: _____

Tax ID # of Ownership Entity: _____

The undersigned _____ on behalf of _____ (the "Owner"), hereby certifies that:

- ☐ No buildings have been placed in service.
- ☐ At least one building has been placed in service, but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

- ☐ All buildings ARE in service.

1. The Project meets the minimum requirements of (as outlined in the Agreement):

- ☐ _____
- ☐ _____

2. Has there been a change in any building in the Project?

- ☐ No Change
- ☐ Change

If "Change", list the applicable change in the project for the certification year on page 4.

3. The Owner has received an annual Household Income Certification from each low-income resident and documentation to support that certification, at their initial occupancy and annually.

- ☐ Yes
- ☐ No

4. Each low-income unit in the Project has been rent-restricted pursuant to Section _____ of the Agreement:

- ☐ Yes
- ☐ No

5. Has there been a finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, for this Project? A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court:

☐ No Finding ☐ Finding

If "Finding", state the nature of the finding on page 4.

6. Each building in the Project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project:

☐ Yes ☐ No

If "No," state the nature of violation on page 4 and attach a copy of the violation report and any documentation of correction.

7. Has there been a **change in the eligible basis** (as defined in _____ of the Agreement) of any building in the project since last certification submission?

☐ No Change ☐ Change

If "Change," state nature of change on page 4 (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed).

8. All tenant facilities included, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings:

☐ Yes ☐ No

9. If a low-income unit in the Project has been vacant during the year, reasonable attempts were, or are being, made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

☐ Yes ☐ No

10. If the income of tenants of a low-income unit in any building increased above the limit, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

☐ Yes ☐ No

11. An extended low-income housing commitment, wherein an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher:

☐ Yes ☐ No ☐ N/A

12. The owner has complied with and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:

☐ Yes ☐ No

13. Has there been a change in the ownership or management of the Project?

☐ No Change

☐ Change

If "Change," complete page 4 detailing the changes in ownership or management of the project.

NOTE: Failure to complete this form in its entirety will result in noncompliance with the program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form.

The project is otherwise in compliance with Affordable Housing Agreement No. _____ and all other applicable laws, rules, and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY of the Laws of the State of California.

Signature: _____

Name: _____

Title: _____

Date: _____

**PLEASE EXPLAIN ANY ITEMS THAT WERE
ANSWERED "NO," "CHANGE" OR
"FINDING ON QUESTIONS 1-15.**

Question #	Explanation (if applicable)
2	
5	
6	
7	
13	

CHANGES IN OWNERSHIP OR MANAGEMENT
(To be completed **ONLY** if "CHANGE" marked for
Question 15 above)

TRANSFER OF OWNERSHIP:

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc.):	

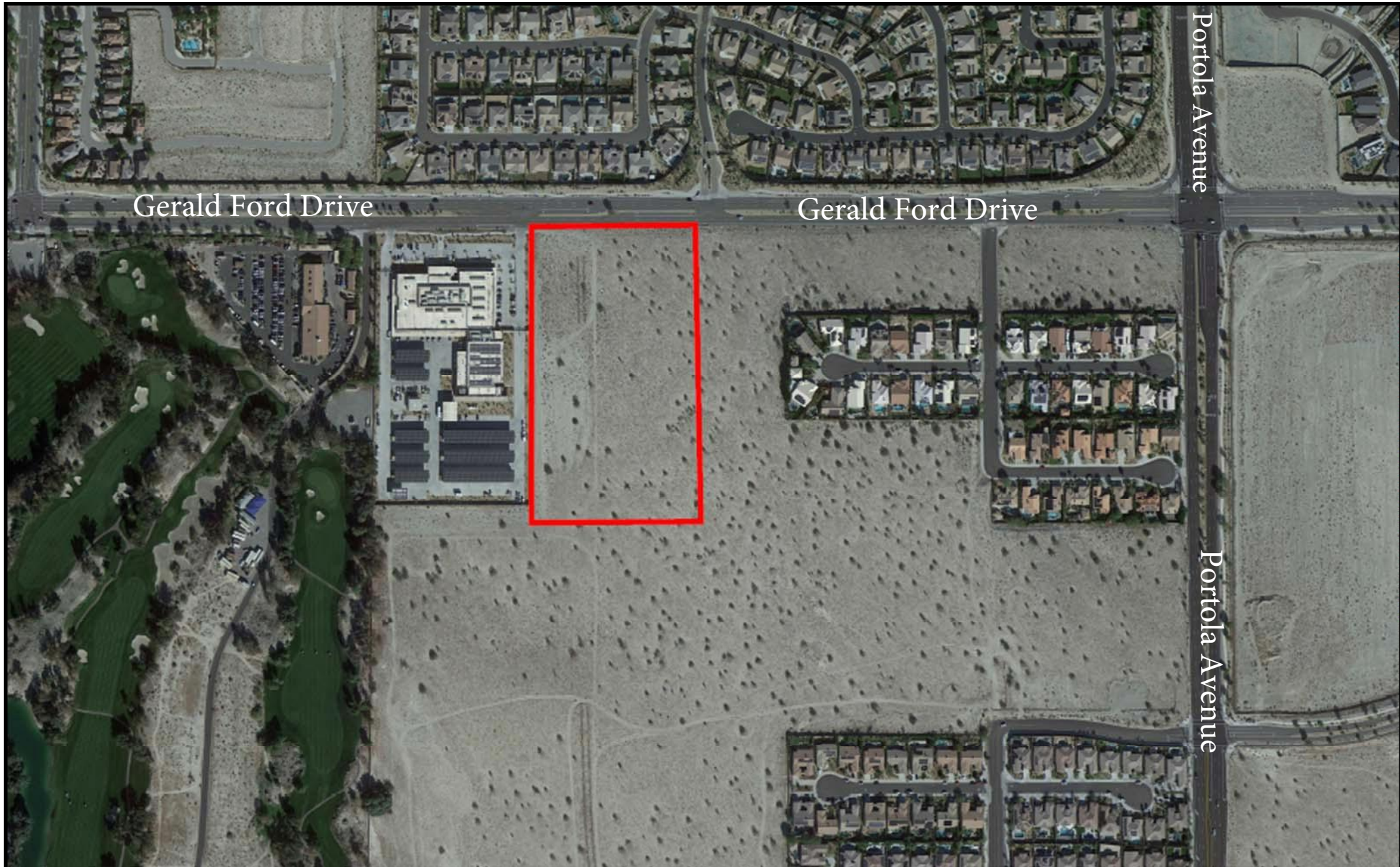
CHANGE IN OWNER CONTACT:

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Email:	

CHANGE IN MANAGEMENT CONTACT

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Email:	

Vitalia Apartments
Gerald Ford Drive, west of Portola
Drive Palm Desert, California



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