

MASTER LEASE AGREEMENT

BY AND BETWEEN COUNTY OF HUMBOLDT AND RIO DELL RIGBY LP

This Master Lease Agreement (the "Agreement") is made and entered into as of the ___ day of March, 2019, by and between the County of Humboldt, a political subdivision of the State of California, by and through the HUMBOLDT COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES ("DHHS"); and RIO DELL RIGBY LP, a California limited partnership ("RIO DELL"). DHHS and RIO DELL are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS there is an acute need in Humboldt County for subsidized housing for Permanently Supportive Housing; AND

WHEREAS, RIO DELL has developed a 26 unit (including one non-revenue manager's unit) multifamily residential project known as Cottages at Rigby (the "Project") with an Assessor's Parcel Number (APN) of: 052-312-012, Rio Dell, CA 95501, City of Rio Dell, County of Humboldt, California, the legal description of which is attached hereto as Exhibit A (the "Property"); AND

WHEREAS, DHHS has requested that RIO DELL master lease all twenty five (25) rental units in the Project to DHHS for lease to tenants designated by DHHS under its homeless program, and RIO DELL has agreed to do so, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, it is agreed as follows:

1. PREMISES

RIO DELL leases to DHHS and DHHS leases from RIO DELL twenty five (25) units ("DHHS Units") at the Project for the exclusive use of tenants designated by DHHS ("DHHS Tenant"), provided however, such tenants otherwise meet the LIHTC Requirements (as defined below), and the requirements set forth in Paragraph 6.

2. LEASE TERM AND TERMINATION

- A. The initial term of this Lease shall be for a period of Twenty (20) years, commencing upon receiving a Certificate of Occupancy and full access to the rental units. DHHS reserves the right to terminate or renegotiate this lease should RIO DELL fail to make the (25) units fully available prior to December 31, 2021.

- B. DHHS has the option to extend this Lease, upon the same terms and conditions, for two (2) five (5) year terms. Each option may be exercised by DHHS giving RIO DELL written notice of its intent to extend the Lease. The notice shall be in writing and shall be given to RIO DELL no less than one hundred twenty (120) days prior to the end of the initial term or any five (5) year term extension.
- C. Any holding over with RIO DELL'S consent beyond the term of this Lease shall be a month to month tenancy, with all the terms and conditions of this Lease.
- D. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. The Parties agree to execute and record a Notice of Termination of this Agreement upon the request of either Party after expiration of the Term.
- E. DHHS's obligations under this Agreement are contingent upon the availability of local, state and/or federal funds. In the event such funding is reduced or eliminated, DHHS shall, at its sole discretion, determine whether this Agreement shall be terminated. DHHS shall provide RIO DELL seven (7) days advance written notice of its intent to terminate this Agreement due to insufficient funding.

3. RENT

Total rent payable by DHHS to RIO DELL hereunder shall not exceed Two Million Eight Hundred Twenty Three Thousand Eight Hundred Nine Dollars (\$2,823,809) in the aggregate. The maximum biennial (two (2) fiscal years) rental payment is Two Hundred Eighty Two Thousand Three Hundred Fifty Dollars (\$282,350).

4. RENT PAYMENTS.

- A. DHHS hereby assigns to RIO DELL the right to receive the monthly rental payment for each DHHS Unit from each DHHS Tenant in an amount up to the maximum amount allowed under the DHHS Low Income Housing Program for the term of this Agreement ("DHHS Unit Base Rent").
- B. For the term of this lease, DHHS agrees to pay to RIO DELL rent for each unit in a monthly amount equal to the difference between the Base Rent for such DHHS Unit and the then Fair Market Rent ("FMR") for such DHHS Unit, cumulatively the ("DHHS Rent Amount").

- C. In the event RIO DELL fails to receive all of the Base Rent for a unit occupied by a DHHS Tenant, DHHS agrees to pay to RIO DELL such additional amount as necessary to have the total rent paid to RIO DELL equal the FMR for such unit. RIO DELL agrees to invoice DHHS for any balance of rent payments to be received by RIO DELL in the next monthly payment cycle.
- D. In consideration for RIO DELL's agreement to lease the twenty five (25) DHHS Units to DHHS for use by DHHS Tenants, in the event for any reason there are less than twenty five (25) DHHS Tenants occupying the DHHS Units at any time or any DHHS Tenant fails to pay its respective Base Rent, DHHS agrees to pay to RIO DELL both the Base Rent for such DHHS Unit and also the DHHS Rent Amount. RIO DELL agrees to invoice DHHS for any balance of rent payments to be received by RIO DELL in the next monthly payment cycle.
- E. RIO DELL shall notify DHHS of the Fair Market Rent of the DHHS Units prior to the issuance of a Certificate of Occupancy for the Project, and thereafter once each year. The Fair Market Rent as used in this Agreement shall be the amount approved from time to time by the United States Department of Housing and Urban Development.
- F. In the event a DHHS Unit remains vacant for more than 30 days, RIO DELL shall have the option of renting such DHHS Unit to a non-DHHS Tenant meeting the Tenant Selection Policy for a maximum lease term of 1 month; provided, however, when such non-DHHS Tenant vacates the unit, the DHHS Unit shall be reserved for a DHHS Tenant provided it is then occupied by a DHHS Tenant within 30 days following the date the non-DHHS Tenant vacates the unit. In the event a DHHS Unit is occupied by a non-DHHS Tenant, DHHS shall pay to RIO DELL an amount, when added to the amount paid by such tenant, as will equal the FMV for such unit.

5. MANAGEMENT AND OPERATION OF DHHS UNITS

- ~~A.~~ RIO DELL has received an allocation of low-income housing tax credits for the Project ("Tax Credits") and intends for the Project to qualify as a "low income housing project" under Section 42 of the Internal Revenue Code which shall comply in all respects with any regulatory agreement ("Regulatory Agreement") entered into between RIO DELL and the California Tax Credit Allocation Committee ("CTCAC"). The requirements for the Project under Section 42 of the Internal Revenue Code and the Regulatory

Agreement are collectively referred to herein as the “LIHTC Requirements.”

DHHS shall cause the property management agent for the Project to lease each DHHS Unit to qualified tenants in accordance with the LIHTC and cause the DHHS Units to be operated and managed in such a way as to qualify the DHHS Units for Tax Credits.

- B. If, for any reason, RIO DELL determined that the DHHS Units cannot or will not comply with the LIHTC Requirements, and RIO DELL will correct any and all deficiencies within thirty (30) days after determination by RIO DELL and will ensure that the DHHS Units comply with all LIHTC. RIO DELL will notify DHHS of said determination within seven (7) days.
- C. Notwithstanding the leasing of the DHHS Units, RIO DELL agrees to and will maintain, repair and insure the DHHS Units.

6. DHHS-TENANT QUALIFICATIONS.

All tenants in the project, including tenants of the DHHS Units, shall be required to meet the LIHTC Requirements and the requirements of the Tenant Selection Policy as set forth on Exhibit B attached hereto and made a part of this Agreement by this reference and the criteria established by Partnership Healthplan of California.

7. UTILITIES

DHHS is not responsible for any charges for gas, electricity, refuse collection, water and sewer supplied to and used in the DHHS Units.

8. BUILDING STANDARDS

RIO DELL covenants and warrants that the premises have been constructed in accordance with all local, state, and federal laws and regulations, including but not limited to, the Americans with Disabilities Act. RIO DELL further agrees to comply with any federal state or local licensing standards, any applicable accrediting standards, and any other applicable standards or criteria established locally or by the state or federal governments.

DHHS shall have the right to terminate this Lease upon seven (7) days written notice if RIO DELL fails to comply with any of the above-mentioned applicable laws, standards, or criteria, and such failure is not cured within thirty (30) days of receipt of written notice from DHHS.

9. CONFIDENTIAL INFORMATION

- A. Disclosure of Confidential Information. In the performance of this Agreement, RIO DELL may receive information that is confidential

under local, state or federal law. RIO DELL hereby agrees to protect all confidential information in conformance with any and all applicable local, state and federal laws, regulations, policies, procedures and standards, including, but not limited to: Division 19 of the California Department of Social Services Manual of Policies and Procedures – Confidentiality of Information; California Welfare and Institutions Code Sections 15633 et seq., 5328, 10850 and 14100.2; California Health and Safety Code Sections 1280.15 and 1280.18; the California Information Practices Act of 1977; the California Confidentiality of Medical Information Act (“CMIA”); the United States Health Information Technology for Economic and Clinical Health Act (“HITECH Act”); the United States Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and any current and future implementing regulations promulgated thereunder, including, without limitation, the Federal Privacy Regulations contained in Title 45 of the Code of Federal Regulations (“C.F.R.”) Parts 160 and 164, the Federal Security Standards contained in 45 C.F.R. Parts 160, 162 and 164 and the Federal Standards for Electronic Transactions contained in 45 C.F.R. Parts 160 and 162, all as may be amended from time to time.

- B. Continuing Compliance with Confidentiality Laws. The parties acknowledge that federal and state confidentiality laws are rapidly evolving and that amendment of this Agreement may be required to ensure compliance with such developments. Each party agrees to promptly enter into negotiations concerning an amendment to this Agreement embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the CMIA and any other applicable local, state and federal laws or regulations.

10. NON-DISCRIMINATION COMPLIANCE

- A. Nondiscriminatory Delivery of Social Services. In connection with the execution of this Agreement, RIO DELL, and its subcontractors, shall not unlawfully discriminate in the administration of public assistance and social services programs. RIO DELL hereby assures that no person shall be excluded from participation in, be denied benefits of, or be subjected to discrimination under any program or activity receiving local, state or federal financial assistance because of race, religion or religious creed, color, age (over forty (40) years of age), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics), mental or physical disability (including HIV status and AIDS), political affiliation, military service or any other classifications protected by local, state or federal laws or

regulations. DHHS reserves the right to monitor the RIO DELL's provision of services in order to ensure compliance with the requirements of this section.

- B. Professional Services and Employment. In connection with the execution of this Agreement, RIO DELL, and its subcontractors, shall not unlawfully discriminate in the provision of professional services or against any employee or applicant for employment because of race, religion or religious creed, color, age (over forty (40) years of age), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics), mental or physical disability (including HIV status and AIDS), political affiliation, military service, denial of family care leave or any other classifications protected by local, state or federal laws or regulations. Nothing herein shall be construed to require the employment of unqualified persons.

- C. Compliance with Anti-Discrimination Laws. RIO DELL further assures that it, and its subcontractors, will abide by the applicable provisions of: Title VI and Title VII of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; the Food Stamp Act of 1977; Title II of the Americans with Disabilities Act of 1990; the California Fair Employment and Housing Act; California Civil Code Sections 51, et seq.; California Government Code Sections 4450, et seq.; California Welfare and Institutions Code Section 10000; Division 21 of the California Department of Social Services Manual of Policies and Procedures; United States Executive Order 11246, as amended and supplemented by United States Order 11375 and 41 C.F.R. Part 60; and any other applicable local, state and/or federal laws and regulations, all as may be amended from time to time. The applicable regulations of the California Fair Employment and Housing Commission implementing California Government Code Section 12990, set forth in Chapter 5, Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

11. NUCLEAR FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE

RIO DELL certifies by its signature below that it is not a Nuclear Weapons contractor, in that RIO DELL is not knowingly or intentionally engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems or nuclear weapons components as defined by the Nuclear

Free Humboldt County Ordinance. RIO DELL agrees to notify DHHS immediately if it becomes a Nuclear Weapons Contractor as defined above. DHHS may immediately terminate this Agreement if it determines that the foregoing certification is false or if RIO DELL subsequently becomes a Nuclear Weapons contractor.

12. DRUG-FREE WORKPLACE

By executing this Agreement, RIO DELL certifies that it will comply with the requirements of the Drug-Free Workplace Act of 1990 (California Government Code Sections 8350, et seq.) and will provide a drug-free workplace by doing all of the following:

- A. Drug-Free Policy Statement. Publish, as required by California Government Code Section 8355(a)(1), a Drug-Free Policy Statement which notifies employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited, and specifies the actions to be taken against employees for violations.
- B. Drug-Free Awareness Program. Establish, as required by California Government Code Section 8355(a)(2), a Drug-Free Awareness Program which informs employees about the following:
 - 1. The dangers of drug abuse in the workplace;
 - 2. RIO DELL's policy of maintaining a drug-free workplace;
 - 3. Any available counseling, rehabilitation and employee assistance programs; and
 - 4. Penalties that may be imposed upon employees for drug abuse violations.
- C. Drug-Free Employment Agreement. Ensure, as required by California Government Code Section 8355(a)(3), that every employee who provides services hereunder will:
 - 1. Receive a copy of RIO DELL's Drug-Free Policy Statement; and
 - 2. Agree to abide by the terms of RIO DELL's Drug-Free Policy as a condition of employment.
- D. Effect of Noncompliance. Failure to comply with the above-referenced requirements may result in suspension of payments under this Agreement and/or termination thereof, and RIO DELL may be ineligible for award of future contracts if DHHS determines that the foregoing certification is false or if RIO DELL violates the

certification by failing to carry out the above-referenced requirements.

13. SMOKING

Pursuant to Humboldt County Code §971-1 et seq., HUMBOLDT COUNTY owned or leased premises are smoke free. RIO DELL shall comply with said provision.

14. PROVISIONS REQUIRED BY LAW

This Agreement is subject to any additional local, state and federal restrictions, limitations, or conditions that may affect the provisions, terms or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

15. REFERENCE TO LAWS AND RULES

In the event any law, regulation, policy or procedure referred to in this Agreement is amended during the term hereof, the parties agree to comply with the amended provision as of the effective date of such amendment.

16. INDEMNIFICATION

- A. Hold Harmless, Defense and Indemnification. RIO DELL shall hold harmless, defend and indemnify DHHS and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages, and liabilities of any kind or nature, including, without limitation, attorney fees and other costs of litigation, arising out of, or in connection with, RIO DELL's negligent performance of, or failure to comply with, any of the duties and/or obligations contained herein, except such loss or damage which was caused by the sole negligence or willful misconduct of DHHS.
- B. Effect of Insurance. Acceptance of insurance, if required by this Agreement, does not relieve RIO DELL from liability under this provision. This provision shall apply to all claims for damages related to the services performed by RIO DELL pursuant to the terms and conditions of this Agreement regardless if any insurance is applicable or not. The insurance policy limits set forth herein shall not act as a limitation upon the amount of indemnification or defense to be provided by RIO DELL hereunder.

17. NOTICES

All notices, requests, approvals, and other communications required or permitted to be delivered under this Agreement (a) must be in writing and delivered by registered or certified U.S. mail, postage prepaid, by hand

929 Koster Street
Eureka, CA 95501
Attention: Sally Hewitt
Phone (707) 441-5035
Fax: (707) 441-2096

18. DISPUTE RESOLUTION

The parties agree to provide written notice within thirty (30) days of becoming aware of a dispute. The parties will cooperate in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations. Senior representatives will meet within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under California Evidence Code sections 1152 and 1154.

If the parties cannot settle grievances or disputes between them in an informal and expeditious fashion, the dispute will be submitted, upon the motion of either party, to arbitration under the appropriate rules of the American Arbitration Association (AAA). All such arbitration proceedings will be administered by the AAA; however, the arbitrator will be bound by applicable state and federal law, and will issue a written opinion setting forth findings of fact and conclusions of law.

The parties agree that all arbitration proceeding will take place in San Francisco, California, that the appointed arbitrator will be encouraged to initiate hearing proceedings within thirty (30) days of the date of his/her appointment, and that the decision of the arbitrator will be final and binding as to each of them. The party against whom the award is rendered will pay any monetary award and/or comply with any other order of the arbitrator within sixty (60) days of the entry of judgment on the award, or take an appeal pursuant to the provisions of the California Civil Code.

- A. Administration and Arbitration Fees. In all cases submitted to AAA, the parties agree to share equally the AAA administrative fee as well as the arbitrator's fee, if any, unless otherwise assessed by the arbitrator. The administrative fees will be advanced by the initiating party subject to final apportionment by the arbitrator in the award.
- B. Enforcement of Award. The parties agree that the arbitrator's award may be enforced in any court having jurisdiction thereof by the filing of a petition to enforce said award. Costs of filing may be recovered by the party, which initiates such action to have an award enforced.

In the event any legal action is brought in connection with this Agreement, the prevailing Party in such action shall be entitled to judgment against the non-prevailing Party for its attorneys' fees and costs of suit, including appeals and expert witness fees.

19. NON-LIABILITY OF DHHS OFFICIALS AND EMPLOYEES

No official or employee of DHHS shall be personally liable for any default or liability under this Agreement.

20. RECORDATION OF AGREEMENT; AGREEMENT RUNS WITH THE LAND

This Agreement shall be recorded in the real property records in the Official Records of Humboldt County, California. This Agreement shall be deemed to be a covenant running with the land and shall be binding upon all persons owning or having any other interest in the Property, including DHHS and its successors and assigns. Except as to the subordination of the Pacific Western Deed of Trust as provided in Paragraph 21 below, this Agreement may be subordinated to the lien of any deed of trust encumbering the Property only if the beneficiary under such deed of trust agrees to recognize and be bound by the terms hereof.

21. FORCE MAJEURE

Neither party hereto shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such party and without fault or negligence of such party. Such events shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism or other disasters, whether or not similar to the foregoing.

22. EXISTING FINANCING.

The Parties acknowledge that RIO DELL has obtained construction and permanent financing with respect to the Project from Pacific Western Bank. ("Pacific Western"), which financing is secured by that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing recorded _____, 2018 as Instrument No. _____, Humboldt County Records ("Pacific Western Deed of Trust"). DHHS acknowledges and agrees that this Agreement is and shall continue to be subject and subordinate to the Pacific Western Deed of Trust. DHHS shall give Pacific Western a concurrent copy of each material notice (including without limitation each notice of default) given by DHHS under or with respect to this Agreement, and agrees that Pacific Western, at its sole election, shall have the right (but not the obligation) to cure any default by RIO DELL under this Agreement on its behalf. This Agreement may not be modified, amended, changed or altered

without the prior written consent of Pacific Western so long as the Pacific Western Deed of Trust is secured by the Property. In the event of foreclosure, deed in lieu of foreclosure, or similar disposition of the Property by Pacific Western, no consent shall be required from DHHS and Pacific Western shall have no indemnification obligations to DHHS for any period during which it does not own or is not in possession of the Property. Upon request of Pacific Western, DHHS agrees to execute a further instrument of subordination in form and substance reasonably acceptable to Pacific Western.

DHHS shall give RIO DELL's tax credit investor (the "Investor"), the same written notice of default given to RIO DELL as required herein. The Investor shall have the right to cure defaults within the time periods provided to RIO DELL herein, and performance of a cure by the Investor shall have the same effect as would like performance by RIO DELL. The Investor's addresses for notice purposes are provided below, and may be modified or supplemented upon written notice to DHHS:

Raymond James California Housing Opportunities 50 L.L.C.
(Series OZ)
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Facsimile: (727) 567-8455

With copies to:
Kyle Arndt, Esq.
Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Facsimile No.: 213-239-0410

23. EXECUTION IN COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed to be part of one and the same instrument.

[Remainder of page intentionally left blank]

[Signatures on following page]

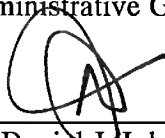
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first set forth above.

COUNTY OF HUMBOLDT

By: _____
Director, Humboldt County Department of Health and Human Services

RIO DELL RIGBY, LP, a California limited partnership

By: Johnson & Johnson Investments, LLC, a California limited liability company, Its
Administrative General Partner

By:  _____
Daniel J. Johnson, Managing Member

By: California Revitalization and Development Corporation, a California nonprofit public benefit corporation, Its Managing General Partner

By: _____
David Rutledge, President

LIST OF EXHIBITS:

- Exhibit A – Legal Description of Property
- Exhibit B – Tenant Selection Policy

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 Humboldt

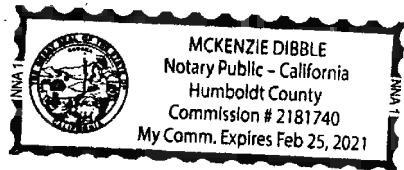
Mckenzie Dibble,

On March 7 2019 before me, Notary Public (here insert name and title of the officer), personally appeared Daniel J. Johnson 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first set forth above.

COUNTY OF HUMBOLDT

By: _____
Director, Humboldt County Department of Health and Human Services

RIO DELL RIGBY, LP, a California limited partnership

By: Johnson & Johnson Investments, LLC, a California limited liability company, Its
Administrative General Partner

By: _____
Daniel J. Johnson, Managing Member

By: California Revitalization and Development Corporation, a California nonprofit public benefit corporation, Its Managing General Partner

By: David Rutledge
David Rutledge, President

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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 Shasta

On March 7, 2019 before me, Nicole Gonzalez, Notary Public (here insert name and title of the officer), personally appeared David Rutledge 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Nicole Gonzalez, Notary Public (Seal)

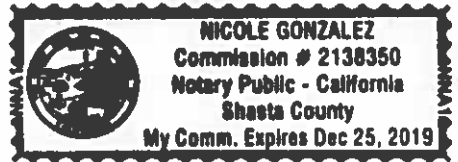


EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

That real property situate in the City of Rio Dell, County of Humboldt, State of California, described as follows:

DESCRIPTION

That real property situate in the County of Humboldt, City of Rio Dell, State of California, described as follows:

Parcel 2 as shown on Parcel Map No. 2652, filed in Book 24 of Parcel Maps, Pages 15 and 16, Humboldt County Records.

APN: 052-312-012-000

EXHIBIT B

Tenant Selection Policy

Thank you for choosing the **Cottages at Rigby** as your potential new home. We are delighted that you are interested in our community and the following resident selection criteria is being provided to identify the evaluation process through which your application will be processed.

It is the policy of Danco Property Management to comply with all applicable federal, state, and local fair housing laws and not discriminate against any person based on race, color, religion, sex, family status, national origin, handicap/disability, or any other basis protected by state or local law.

It is the policy of Danco Property Management that a person with a disability may request reasonable accommodation, a reasonable structural modification, an accessible unit or the provision of auxiliary aids and services, in order to have equal access to a housing program. If you or anyone in your household has a disability, and because of that disability requires a specific accommodation, modification, or auxiliary aids or services to fully use our housing services, please contact the Community Manager for a Reasonable Accommodation/Accessibility Request Form.

The acceptance and processing of the rental application and its application fee does not constitute a guarantee of acceptance for housing. All applicants must meet the itemized criteria listed below to be considered for tenancy. All documentation requested during the application process must be submitted immediately. Failure to supply information or documentation within forty-eight (48) hours of the request may result in an application being rejected. Applications may take up to ten (10) business days to process.

Civil Rights Laws

Owner and manager will administer fairly and in accordance with both the letter and the spirit of all equal opportunity and fair housing legislation and applicable Executive Orders; including but not limited to the following:

- a) Title VI of the Civil Rights Act of 1964. Prohibits discrimination in a Federally-assisted program on the basis of race, color, and national origin.
- b) Title VII of the Civil Rights Act of 1968 (also known as the Fair Housing Act 1988, as amended). Prohibits discrimination in the sale. Rental. Or financing of housing on the basis of race, color, religion, sex, national origin, familial status, or disability.

- c) Section 504 of the Rehabilitation Act of 1973. Prohibits discrimination in a Federally-assisted program on the basis of disability.
- d) Age Discrimination Act of 1975. Prohibits discrimination in a Federally-assisted program on the basis of age.
- e) Executive Order 11063 as Amended by Executive Order 12259. Prohibits discrimination in housing or residential property financing to any Federally-assisted activity against individuals on the basis of race, color, religion, sex, or national origin.
- f) All marketing and management efforts will be in compliance with all applicable equal opportunity and fair housing legislation and applicable Executive Orders and will include the Fair housing and Accessibility Logos.

Application Fees/Holding Deposits

Application fees are **\$20.00** for every application processed. Application fees are non-refundable and cover the costs of obtaining information about you, including but not limited to the cost of using a tenant screening service or a consumer credit reporting service and the reasonable time spent to validate, review, or otherwise process your application. Application fees are deposited on the same business day.

Reusable tenant screening reports are not accepted.

The apartment holding deposit is \$_____. Holding deposits are paid at the time the apartment reservation is made.

All holding deposits are deposited once they become non-refundable.

The holding deposit is not refundable when: 1) the applicant has been approved for move-in; including affordable program compliance approval, and 2) seventy-two (72) hours have expired since the initial deposit on the apartment home was made.

Acceptable forms of payment for the holding deposit and application fee:
Cash is never accepted

Check	Money Order	Cashiers Check
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Rental Application

All persons eighteen (18) years of age or older, and those deemed to be an adult under applicable law with respect to the execution of contracts, will be required to complete their own separate application. Only applications that are fully completed and signed will be processed for consideration. An applicant's intentional misrepresentation or intentional omission of any information on the application will be sufficient reason for rejection of the application.

Occupancy Guidelines

In accordance with the following guideline, the household composition must be appropriate for the apartment size in which the household is applying.

If the household exceeds the maximum occupancy during tenancy, the household may be allowed to remain in the unit until the lease expires, or for a reasonable period of time after, before being transferred to a larger unit or move from the property. This is not applicable to the addition of adult occupants. Adding unauthorized occupants, without first obtaining management approval, is considered a violation of the lease.

Bedroom Size	Minimum Persons	Maximum Persons
Studio	1	1
1 Bedroom	1	3
2 Bedroom	1	5
3 Bedroom	1	7
4 Bedroom	1	9

Rental Scores

The approval of credit is based on rental scores. Rental scores are relied upon to estimate the relative financial risk of leasing an apartment to you. Scores are calculated using a weighted average of factors, and your rental score results from a mathematical analysis of information found in your credit report and application. Such information may include your bill-paying history, the number and type of accounts you have, open bankruptcies, unpaid utility bills, collection actions, charge-off, repossession, eviction histories, outstanding debt, income relationships (rent-to-income and debt to-income ratios), and other attributes that reflect on your qualifications to meet the terms of your lease.

The rental scoring system used was created for the purpose of treating all applicants consistently and impartially, without regard to subjective criteria.

Rental Score Recommendations

Approve – This is the most desirable recommendation and has the lowest security deposit level.

Approved with Conditions – Although the application will be accepted on this recommendation, this score presents a higher risk and may require the highest security deposit or co-signer.

Decline - The community may not proceed with the application.

Income/Assets

Residency at this community is limited to those households having moderate income and requires that households meet certain income qualifying standards established by the affordable program this community participates with. Household annual income must not exceed the affordable program income limits of the apartment home the household is applying for. Income limits are available in the leasing office.

Every applicant shall provide proof of all income and assets which may be verified by a third-party. Income must be legal and verifiable and all households must meet the income-to-rent ratio of at least **1 (one)** times the monthly rent amount. Applicants not meeting the income-to-rent ratio may be required to pay an increase to the security deposit or obtain a co-signer.

Adding unauthorized household occupants, without first obtaining management approval, is considered a violation of the lease. An addition to an existing household requires a full third-party recertification of all existing household members in addition to the income certification for the new member of the household; including third-party verification.

If there are any changes to household's composition or income prior to move-in, management must be informed immediately.

All households will be required to recertify their income and assets annually prior to their move-in anniversary date. If household fails to comply, a notice to terminate tenancy will be issued and the household will be required to move.

Student Eligibility

This community is subject to certain student limitations. If applicable, the student status of each applicant for the current calendar year must be certified and verified. Some students may not qualify for housing under one or more of

the programs unless certain exemptions are met. Please check with the office staff for more detail regarding student status program requirements.

Rental History

Each applicant must have recent, consecutive, and a minimum of N/A month(s), verifiable third-party or mortgage payment history. Note: Applicants living with family members will not be considered as having third-party rental history. Applicants not having verifiable third-party rental or mortgage history may be required to pay an increased security deposit or obtain a co-signer.

Applications may be denied for the following reason:

- 1) A public record of more than 1 (one) unlawful detainer action or eviction within 3 years.
- 2) A misdemeanor or felony conviction for the manufacture or distribution of controlled substances.

Criminal History

A criminal background check may be conducted for all persons eighteen (18) years of age or older. Applicants with prior convictions for manufacture of distribution of controlled substances will result in a denial of the application. In addition, applicants may be rejected for convictions related to offenses for drug use, fraud, property destruction, property theft, sex offenses, and violence.

Danco Property Management will conduct an individualized assessment to determine whether the applicant poses a direct threat to others or property prior to making a final decision on whether to accept or deny the application. The individualized assessment will take into account relevant mitigating information such as:

- (1) the facts or circumstances surrounding the criminal conduct;
- (2) the age of the individual at the time the conduct occurred;
- (3) evidence that the individual has maintained a good tenant history before and after the conviction or conduct; and
- (4) evidence of rehabilitation efforts.

Mitigating Circumstances

An applicant who lacks sufficient credit or rental history or who has a credit, rental and/or criminal history that does not meet the above criteria may ask Danco Property Management to consider any mitigating circumstances that the applicant may wish to provide before a final decision to accept or deny the

application is made.

An applicant may:

- 1) Request consideration of mitigating circumstances at the time the rental application is submitted; and/or
- 2) Submit documentation of any mitigating circumstances along with the rental application; and/or
- 3) Request a Mitigating Circumstances Interview in the event the applicant is notified that he/she did not meet the above Application Criteria.

In addition to any information provided by the applicant regarding the mitigating circumstances, Danco Property Management may also consider:

- 1) The impact that stable housing will have on helping the individual achieve personal stability;
- 2) Whether homelessness or unstable housing was the cause or a major contributing factor to the issues that caused the applicant's failure to meet the Application Criteria;
- 3) The nature, extent and seriousness of the past behavior or action and the amount of time that has passed since the behavior or action took place;
- 4) The extent to which disability or disabling conditions contributed to the behavior or circumstances and evidence that the applicant has taken or is taking appropriate action that makes it reasonably likely the applicant would be able to refrain from any future behavior of the nature that caused the applicant's failure to meet the Application Criteria;
- 5) The availability of rental subsidies, other financial assistance or financial assistance programs (e.g., representative payee services) to limit the risk of non-payment of rent;
- 6) The extent to which the applicant's current or previous actions have addressed or are mitigating the underlying conditions which caused the previous action or behavior; and
- 7) Other factors which indicate a reasonable probability of favorable future conduct and of the applicant being able to meet the obligations of the lease and follow the rules of the property, including evidence of rehabilitation and applicant's willingness to participate in social services.

After reviewing all of the information and documentation provided during the Mitigating Circumstances Interview, the FPI Management shall make a final

determination whether to accept (with or without conditions) or deny the application and shall notify the applicant of same in writing within 72 hours from the date of the Mitigating Circumstances Interview.

Guarantors

Guarantors are processed only after it has been determined that the applicant will not qualify on their own. Guarantors will be accepted for applicants who do not meet the required rent-to-income ratio, credit, or rental history requirements. Only one (1) guarantor per apartment is permissible. The guarantor will be required to complete an application and pay a full application fee. Guarantors must meet a higher financial standard which includes demonstrating the ability to meet the income-to-rent ratio of the household they are guaranteeing in addition to their own mortgage or rent payments. Guarantors must also meet all other financial qualifying criteria identified in the Guarantor Application Criteria. The guarantor will be asked to sign a Guaranty Agreement and a notary may be required.

Waiting List

The applicant waiting list is maintained according to unit size and will remain open with the understanding that those who are listed are informed of its length, the policies and procedures for selecting individuals, and how applicants are added to the waiting list.

1. If no apartment homes are available, an eligible applicant will be placed on the applicant waiting list.
2. In order to maintain a balanced application pool, the property may restrict or suspend application acceptance and close the applicant waiting list. The property will also update the applicant waiting list by removing the names of those who are no longer interested in, or no longer qualify for housing.
3. If the applicant waiting list contains enough applicants to result in a wait of more than one full year for all applicable bedroom sizes, the wait list may be closed. The applicant waiting list may remain closed until it is reduced to less than a one-year wait for admission.
4. During the period when the applicant waiting list is closed, the property will not maintain a list of individuals who wish to be notified when the waiting list is reopened.
5. The applicant waiting list is updated approximately every six (6) months.

Waiting List Preferences:

- a. Current residents who need to transfer to a different unit due to disability
- b. Outside applicants wishing to move into the property
- c. Date of availability for move-in

Pets

If pets are accepted, applicants must fill out a Pet Application and follow the Pet Acceptance Criteria established for the community. Assistive animals for persons with disabilities are not considered to be pets, but do require advance written approval of management.

Smoking

This community is a smoke free community.

If the apartment home or any part of the community is smoke free, the resident, members of the resident's household, or resident's guests or visitors, shall not smoke anywhere prohibited and identified in the Smoke Free Addendum.

Water Furniture

Liquid filled furniture over ten (10) gallons is allowed but requires proper insurance coverage and prior written approval. A certification of insurance in the amount of \$100,000.00 evidencing liquid filled furniture coverage must be provided prior to bringing any liquid-filled furniture into the household.

Photo Identification

All applicants will be required to provide a government-issued photo identification to confirm identity. If an applicant's identification cannot be verified, it is grounds for rejection.

Conduct

Applicants may be rejected for conduct displayed during the tour or application process that would constitute a violation of the lease policies. Applicants must display the ability to comply with lease policies.

Denied/Approved with Conditions

Denied or conditionally approved applicants will be notified in writing of the reason for denial or conditional approval. Consideration may be given for extenuating circumstances where this would be required as a reasonable accommodation for disability when determining the acceptability of tenancy. There may also be a grievance procedure in accordance with applicable state or federal program regulations for the resolution of disputes. A rejected

applicant may not reapply for a period of ninety (90) days.

Applicant Acknowledgement:

I/we acknowledge that our application will be reviewed and a consumer credit report, public search and/or an investigative consumer report that discloses the consumer's character, general reputation, personal characteristics and mode of living will be obtained. A copy of any such report(s) will be provided to the applicant upon request.

I/we, the applicant(s), acknowledge that I/we have received a copy of the application criteria and understand the terms of possible residency.

Applicant Signature Date

Applicant Signature Date

Applicant Signature Date

Applicant Signature Date