

## **MASTER LEASE AGREEMENT**

### **BY AND BETWEEN COUNTY OF HUMBOLDT AND EUREKA 4<sup>TH</sup> STREET, LP**

This Master Lease Agreement (the "Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2018, 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 EUREKA 4<sup>th</sup> STREET, LP, a California limited partnership ("Eureka LP"). DHHS and EUREKA LP 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, EUREKA LP has developed a 50 unit multifamily residential project known as [Eureka Veterans and Homeless Project,] (the "Project") with an address of 108 4<sup>th</sup> Street, Eureka, CA 95501, City of Eureka, County of Humboldt, California, the legal description of which is attached hereto as Exhibit A (the "Property"); AND

WHEREAS, the Project is subject to a various regulations that require Eureka LP to qualify its tenants according to various guidelines and restrictions and also restricts the amount of rent which each tenant will pay; AND

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

NOW, THEREFORE, it is agreed as follows:

#### **1. PREMISES**

Eureka LP leases to DHHS and DHHS leases from Eureka LP 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**

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The term of the lease is twenty years (the "Term"). Unless extended in writing executed by both Parties, this Agreement shall terminate on December 31, 2038.

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.

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 Eureka LP 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 Eureka LP hereunder shall not exceed three million three hundred eighty seven dollars (\$3,387,000) in the aggregate. The maximum biennial (two (2) fiscal years) rental payment is four hundred nineteen thousand dollars (\$419,000).

### **4. RENT PAYMENTS**

DHHS hereby assigns to Eureka LP 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"). Until December 31, 2038, for each DHHS Unit, DHHS agrees to pay to Eureka LP rent 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"). In the event Eureka LP fails to receive all of the Base Rent for a unit occupied by a DHHS Tenant, DHHS agrees to pay to Eureka such additional amount as necessary to have the total rent paid to Eureka LP equal the FMR for such unit. In consideration for Eureka LP'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 Eureka LP both the Base Rent for such DHHS Unit and also the DHHS Rent Amount. Eureka LP 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. In the event a DHHS Unit remains vacant for more than 30 days, Eureka LP shall have the option of renting such DHHS Unit to a non-DHHS Tenant meeting the Tenant Selection Policy; 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 Eureka LP an amount, when added to the amount paid by such tenant, as will equal the FMR for such unit.

The Fair Market Rent as used in this Agreement shall be the amount approved from time to time by the California Tax Credit Allocation Committee.

**5. MANAGEMENT AND OPERATION OF DHHS UNITS**

Eureka LP 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 Eureka LP 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 Requirements, and cause the DHHS Units to be operated and managed in such a way as to qualify the DHHS Units for Tax Credits.

If, for any reason, Eureka LP determined that the DHHS Units cannot or will not comply with the LIHTC Requirements, this Lease shall be terminable by Eureka LP upon 30 days prior written notice to DHHS.

Notwithstanding the leasing of the DHHS Units, DHHS hereby delegates to Eureka LP, the obligation to 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.

**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**

Eureka LP 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. Eureka LP 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 Eureka LP 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,

Eureka LP may receive information that is confidential under local, state or federal law. Eureka LP 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, Eureka LP, and its subcontractors, shall not unlawfully discriminate in the administration of public assistance and social services programs. Eureka LP 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 Eureka LP’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, Eureka LP, 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. Eureka LP 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**

Eureka LP certifies by its signature below that it is not a Nuclear Weapons contractor, in that Eureka LP 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. Eureka LP 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 Eureka LP subsequently becomes a Nuclear Weapons contractor.

## **12. DRUG-FREE WORKPLACE**

By executing this Agreement, Eureka LP 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. Eureka LP'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 Eureka LP's Drug-Free Policy Statement; and
2. Agree to abide by the terms of Eureka LP'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 Eureka LP may be ineligible for award of future contracts if DHHS determines that the foregoing certification is false or if Eureka LP 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. Eureka LP 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. Eureka LP shall hold harmless, defend and indemnify COUNTY 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, Eureka LP'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 Eureka LP from liability under this provision. This provision shall apply to all claims for damages related to the services performed by Eureka LP 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 Eureka LP 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 delivery by overnight courier, or by facsimile or email with receipt confirmation being retained by sender (b) are effective (in the case of delivery by U.S. Mail or overnight courier) upon receipt, or upon refusal to accept delivery (such refusal being evidenced by the U.S. Postal Services return receipt or similar evidence from the courier company), or (in the case of facsimile or email) upon receipt at the recipient's facsimile machine or computer unless receipt is on a Saturday, Sunday or legal holiday or after 5:00 pm Pacific time, on any day, in which case delivery is effective on the next following business day, and (c) in each instance must be addressed to DHHS or EUREKA LP, as the case may be, at the following addresses, or to any other address either party may designate by notice to the other party:

If to EUREKA LP:                   Eureka 4<sup>th</sup> Street LP  
                                                  c/o Danco Communities  
                                                  5251 Ericson Way  
                                                  Arcara, California 95521  
                                                  Attention: Chris Dart, President  
                                                  Phone(707) 825-1531  
                                                  Facsimile: (707) 825-1531

With a copy to:                   Pacific Western Bank  
                                                  130 S. State College Boulevard  
                                                  Brea, California 92821  
                                                  Attention: Jennifer D. Riddle  
                                                  Phone: (714) 674-5344  
                                                  Facsimile: \_\_\_\_\_

With a copy  
to:

If to DHHS: Humboldt County DHHS – Social  
Services  
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 Federal Rule of Evidence 408 or any similar applicable state rule.

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 COUNTY OFFICIALS AND EMPLOYEES**

No official or employee of COUNTY 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 Eureka LP 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 Eureka LP 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 Eureka LP's tax credit investor (the "Investor"), the same written notice of default given to Eureka LP as required herein. The Investor shall have the right to cure defaults within the time periods provided to Eureka LP herein, and performance of a cure by the Investor shall have the same effect as would like performance by Eureka LP. 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 Fund L.L.C.  
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.

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

**COUNTY OF HUMBOLDT**

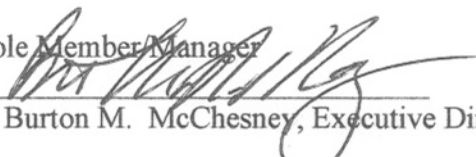
By: \_\_\_\_\_  
Director, Humboldt County Department of Health and Human Services

**EUREKA 4TH STREET LP, a California limited partnership**

By: Eureka Veterans Village, LLC, a California limited liability company  
Its: Managing General Partner

By: Veteran Housing Development Corporation, a California nonprofit public benefit corporation

Its: Sole Member/Manager

By:   
Burton M. McChesney, Executive Director

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

By: \_\_\_\_\_  
Daniel J. Johnson, Managing Member

By: \_\_\_\_\_  
Kendra L. Johnson, Managing Member

By: Danco Communities, a California corporation  
Its: Co-Administrative General Partner

By: \_\_\_\_\_  
Daniel J. Johnson, President

**See Attached  
Acknowledgment**

# CALIFORNIA ALL- PURPOSE CERTIFICATE OF 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 ORANGE }

On 11/21/18 before me, C. P. PALAZUELOS (Here insert name and title of the officer) NOTARY PUBLIC

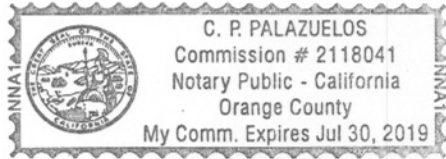
personally appeared BURTON M. MACHESNEY,  
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their 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.

C. P. Palazuelos  
 Notary Public Signature

(Notary Public Seal)



### ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT  
MASTER LEASE AGREEMENT  
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
- \_\_\_\_\_ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

*This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

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


**COUNTY OF HUMBOLDT**

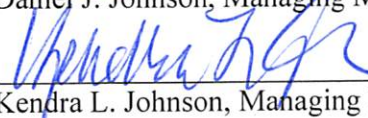
By: \_\_\_\_\_  
Director, Humboldt County Department of Health and Human Services

**EUREKA 4TH STREET LP, a California limited partnership**


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By: Johnson & Johnson Investments, LLC, a California limited liability company  
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By:   
\_\_\_\_\_  
Daniel J. Johnson, Managing Member

By:   
\_\_\_\_\_  
Kendra L. Johnson, Managing Member

By: Danco Communities, a California corporation  
Its: Co-Administrative General Partner

By:   
\_\_\_\_\_  
Daniel J. Johnson, President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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STATE OF CALIFORNIA

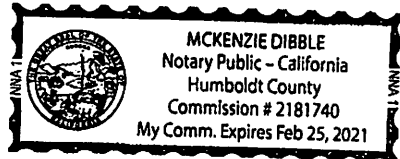
COUNTY OF Humboldt

On NOV 20, 2018 before me, MCKENZIE DIBBLE, Notary Public (here insert name and title of the officer), personally appeared Daniel J. Johnson & Kendal L. 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)



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

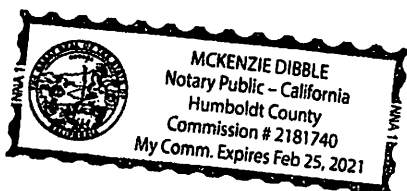
COUNTY OF Humboldt Mckenzie Dibble,

On Nov 20, 2018 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 foregoing 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

**EUREKA 4TH STREET LP**, a California limited partnership

By: Eureka Veterans Village, LLC, a California limited liability company

Its: Managing General Partner

By: Veteran Housing Development Corporation, a California nonprofit public benefit corporation

Its: Sole Member/Manager

By: \_\_\_\_\_  
Burton M. McChesney, Executive Director

By: Johnson & Johnson Investments, LLC, a California limited liability company

Its: Administrative General Partner

By: \_\_\_\_\_  
Daniel J. Johnson, Managing Member

By: \_\_\_\_\_  
Kendra L. Johnson, Managing Member

By: Danco Communities, a California corporation

Its: Co-Administrative General Partner

By: \_\_\_\_\_  
Daniel J. Johnson, President



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 \_\_\_\_\_, 2018 before me, \_\_\_\_\_ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## EXHIBIT A

### LEGAL DESCRIPTION OF PROPERTY

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

**PARCEL ONE:**

BEGINNING at the Southeast corner of Fourth and "B" Streets; and running  
thence Easterly along the South line of Fourth Street, 120 feet;  
thence at a right angle Southerly, 110 feet to an alley;  
thence at a right angle Westerly along the North line of the alley, 120 feet to "B" Street;  
and thence at a right angle Northerly along the East line of "B" Street, 110 feet to the place of beginning.

Being a portion of Lot 50 of the City of Eureka according to the Official City Map on file in the Recorder's Office of Humboldt County, California, in Book 1 of Maps at Page 16.

EXCEPTING therefrom all minerals and all oil, gas and other hydrocarbon substances in and under said land below a depth of five hundred feet, without the right of surface entry, as reserved by Atlantic Richfield Company, in Deed recorded November 23, 1976, in Book 1379 of Official Records, Page 109, under Recorder's Serial No. 22722, Humboldt County Records.

**PARCEL TWO:**

BEGINNING at the Southwest corner of Fourth and "C" Streets as established by the Official Surveys and Monuments;  
thence Southerly along the West line of "C" Street, 110 feet to the North line of an alley;  
thence at right angle Westerly along the North line of the alley, 120 feet;  
thence at right angle Northerly, 110 feet to the South line of Fourth Street;  
thence Easterly along the South line of Fourth Street, 120 feet to the place of beginning.

Being a portion of Block 50 of the City of Eureka.

APN: 001-071-001-000 and 001-071-002-000

**EXHIBIT B**



**EUREKA HOMELESS AND VETERANS HOUSING PROJECT  
TENANT SELECTION POLICY**

This Tenant Selection Plan (TSP) is available to prospective tenants/public upon request and will be posted in the Rental Office where the public can review it. (*UMR 8305*).

The Eureka Homeless and Veterans Housing Project is a fifty mixed apartment complex, comprised of fifty one bedroom units. Thirty eight apartments will be reserved for applicants that initially qualify at or under thirty percent (30%). Twelve apartments will be reserved for applicants that initially qualify at or under forty percent (40%) of area median income under the most restrictive income limits published by HOME and LIHTC Sec 42 programs. There are a limited number of units in each income level as specified below.

<b>Unit Quantity</b>	<b>Unit Type</b>	<b>% AMI</b>
19	1 Bedroom - Veteran	30%
6	1 Bedroom - Veteran	40%
19	1 Bedroom - Special Needs	30%
6	1 Bedroom - Special Needs	40%

1) Civil Rights Laws

*Owner and manger 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 know 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 if 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 if 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.
- 2) HOME Requirements (federal and state)
- a) Accessibility requirements at 24 CFR part 8 (24 CFR 92.351 (a) (3))
  - b) An Affirmative Fair Housing Marketing Plan and Procedures will be submitted for approval to agencies involved; i.e. HOME will be followed once the agency approves the plan prior to the start of the site's initial marketing effort.

- c) Affirmative marketing efforts in compliance with the approved plan will be implemented approximately 90 to 120 days prior to the anticipated occupancy. Once that plan has started and the general public in the market area have been notified by the approved marketing efforts; applications that are received, by a said date, will be placed on the waiting list for the property. Applications that are submitted before or on the said date are subject to a random lottery process. All other applications will be processed in the date and time order they are received; subject to other priorities such as Income Level that are established by either Home, Low Income Housing Tax Credit (*LIHTC*) *Sec 42*, or *RD 538 program (24 CFR 92.351)*.
  - d) The property will be designed and constructed, by Ownership and Contractor, in such a manner as to comply with fair housing requirements; including but not limited to having Accessible Routes and the required number of apartments with design features required to accommodate disabilities. *24 CFR 100.205 (24 CFR 92.351 (a) (3))*
  - e) Federal requirements set forth in 24 CFR part 5, subpart A (24 CFR 92.350)
- 3) Initial Program Eligibility (*HUD MF Occupancy Handbook*)
- a) The Household's Gross or Adjusted annual income must not exceed the most restrictive of one or more of the programs' income limits in effect at the time of the households Initial Occupancy Certification. There will be several income targets and various numbers of units reserved for each income group.
  - b) All applicants must disclose social security numbers for all family members at least 6 years of age and older and provide proof of the numbers reported. In case of conflicts in requirements between HOME and LIHTC Sec 42 the more restrictive of the requirements will apply. Households must supply either a copy of the required social security card, verification form from relevant agency, or other acceptable proof based upon current agency requirements. If a household member does not have or cannot provide proof of a Social Security Number (SSN), a personal certification of the facts may be accepted if allowed by any of the 3 programs listed above. Adequate documentation must be provided prior to initial occupancy of the household. (*4350.3 Sec 3-3 & 24 CFR 5.216*)

- c) All applicants in the household must sign an Authorization for Release of Information and other required forms as required to obtain adequate documentation of the households composition, income, assets, and any allowable adjustments to annual income under the involved programs; prior to receiving assistance and annually thereafter.
- d) The unit for which the household is applying must be the household's only residence.
- e) The applicant household must agree to pay the rent required by the program(s) involved in a timely manner as specified in their Lease.
- f) All information reported by the household is subject to verification. If management is unable to adequately verify the required information from knowledgeable third parties, the household's application may be denied.
- g) Citizenship requirements- Assistance in subsidized housing is restricted to U.S. citizens or nationals and non-citizens who have eligible immigration status as determined by HUD. All household members, regardless of age, must declare their citizenship or immigration status. Non-citizen applicants will be required to submit evidence of eligible immigration status at the time of application. Applicants who hold a non-citizen student visa are ineligible for assistance, as are any non-citizen household members living with the student.
- h) Student Restrictions- In order for a household of full-time students to be considered eligible, they must meet one of the following criteria:
  - i) All members of the household are married.
  - ii) The household consists of a single parent and his or her minor children, and the parent is not a dependant of a third party.
  - iii) At least one member is enrolled in a job training program receiving assistance under the Work Investment Act (WIA).

4) Tenant Admission Policy and Leasing Policy

Occupancy Standards-

UNIT SIZE	MINIMUM OCCUPANTS
<b>1 Bedroom</b>	<b>1</b>

*\*An owner/manager may assign tenant households to units of sizes other than those indicated as appropriate in the table above if the owner/manager reasonably determines that special circumstances warrant such an assignment and the reason are documented in the tenant file. (UMR 8305 (b))*

- a) There will be no preferences or requirement of local residency or employment made of any applicant. *(UMR section 8305 (a)(2))*
  
- b) Applicant screening is a determination that an otherwise eligible household has the ability to pay rent on time and to meet the requirements of the lease. *(24 CFR part 5)*
  
- c) Tenants will be screened in accordance with the Agent's written Tenant Selection Criteria. Criteria for selection will be:

- i) Households will have to have adequate income, generally 2.0 to 2.5 times the households projected rent share as monthly income to afford the approved rents, which are controlled by HOME and LIHTC Sec 42.  
Other proof of rent affordability includes other subsidy or history of paying rent equal to or greater than the proposed rent regardless of the minimum income requirement.
  - ii) Household composition (to meet occupancy standards)
  - iii) Prior and present housing history (positive) for the last 3 years to determine previous tenancy practices the applicant has demonstrated. Improper previous practices such as a past record of destruction, consistent late or unpaid rental obligations, police activity or poor housekeeping habits resulting in health or safety hazards may be cause for denial of occupancy.
  - iv) Credit history of not more than a total of \$0.00 to 2,000.00 negative or 120 days late within the last five years for “hard credit” accounts. “Hard credit” is considered everything other than medical bills, debts discharged by bankruptcy, voluntary repossessions, foreclosures and government backed student loan programs.
  - v) Clean criminal background record, reflecting no felonies. Recovering Drug users will be treated as eligible members as a reasonable accommodation of their disability. *(24 CFR part 5, subpart 1) Note: The same criteria regarding criminal history applies to live-in aides also.*
  - vi) Income will be verified with written verifications sent to knowledgeable third parties that will be directly returned to management. Documents in possession of the applicant will be accepted as a second alternative only if direct verification of income and asset is unsuccessful after the leasing agent has exasperated all other efforts. As a last resort, self verification of income and assets may be accepted to document income in limited instances if in the judgment of management it is consistent with regulations in the HUD and Rural Development Housing Manuals.
- d) Program eligibility (as verified by 3rd party information & or other acceptable source documents) based on a program income limits and other eligibility criteria as required by program regulation.
- e) Should the screening criteria need to be modified in cases where the economic outlook in a specific market area causes a lack of qualified applicants, Agent shall obtain Owner’s approval, without revision to the plan or agreement.
- f) The Site Manager will accept and process applications for rentals. If an application is rejected; the applicant will be informed, in writing, of the reason



for rejection. The rejected application, with reasons for rejection noted thereon, will be kept on file. If the rejection is because of information obtained from a credit bureau, the source of the report will be revealed to the applicant in accordance with the Fair Credit Reporting Act.

- g) The approved applicant will be allowed to inspect the unit prior to occupancy. An approved 'Move In – Move Out Checklist' will be used to report unit condition at move in and again at move out. This document becomes a part of the Lease Agreement. The tenant and the Site Manager will receive copies of this inspection.
  - h) The Site Manager will provide orientation services for each tenant. These services include a review of the Lease Agreement and House Rules, showing each tenant all of features of the project, i.e. mailbox, laundry room, community room (if applicable), unit amenities, and conducting a move in inspection of the unit.
  - i) The Lease Agreement and House Rules set forth the Landlord and Tenant rights, obligations and responsibilities and define those actions that are either acceptable or unacceptable while the tenant is in residence at the complex.
  - j) All leasing activity is conducted primarily in English. Where a significant number of persons in the area of the rental housing development have limited fluency in English the lease, rules and regulations will be provided in the appropriate language.
  - k) All termination of tenancy, eviction, or non renewal of lease will be for "Good Cause" as required under HOME, LIHTC Sec42, and RD 538 Regulations. A copy of the California Tax Credit Allocation Committee "Low Income Housing Tax Credit Lease Rider, will be attached to each Lease executed by the household. Residents will be offered 12 month leases. Reasonable efforts will be undertaken to avoid termination of tenancy unless Resident Households clearly violates one or more of the Lease Agreement and/or HOME, LIHTC Sec 42 program guidelines. (UMR 8307 (a) (1)) (24 CFR 92.253 (c))
- 5) Continued Eligibility/Recertification

- a) Agent will comply with the California Tax Credit Allocation Committees rule unless Owner dictates otherwise.
  - b) The agent has a systematic method of ensuring that recertification is conducted prior to the expiration date.
  - c) Households are required by the Lease Agreement to report any substantial changes to the household size or student status that may affect continued eligibility, and to be recertified.
  - d) If at the time of recertification, a tenant's household size has changed and no longer meets the occupancy standards pursuant to UMR 8305 (b), the owner/manager may require the tenant household to move to the next available appropriately sized unit or to move to the most appropriately sized unit if the proper size unit is not available within the property. This requirement will be in the Lease or Addendums to the Lease the household signs upon initial project entry and whenever a new lease is executed.
  - e) Annual recertification of household income and assets is a requirement of one or more of the programs. Households recertified at income Levels that exceed the High HOME income limit will be subject to pay as rent the lesser of 30 percent of the tenant's monthly adjusted family's income or the rent amount payable under state or local law.
- 6) Project Eligibility Requirements
- a) The property will have an allocation of units for households with annual incomes at or below 30% or 40% of area median income. Rent will not be used alone but in conjunction with the household's credit report and housing history to determine if they qualify as a good rental risk. Rents for each size and income group will be the most restrictive rent of the allowed program rents.
  - b) The property does not have any project-based Section 8 rental assistance; but will accept housing vouchers of other rental assistance programs that may be available to applicants.
- 7) Income Eligibility and Income Limits for Initial Project Entry

- a) The owner/manager will select only eligible households as tenants of vacant assisted unit. While the HOME program allows up to 80 percent of the area median income (AMI) as determined by HUD. The lowest applicable Gross or Adjusted Annual Income limit will control if that program is used and applicable to a specific unit. Households with indicated or verified annual incomes that exceed the income limit of available unit may apply and remain on the waiting list, but may be by passed over to reach households with higher priority income levels. *(UMR 8305) (24 CFR 92.252)*
  
- b) The owner/manager will determine whether a household is income eligible using the most restrictive definition of “annual income” as defined at 24 CFR 5.609 *(HOME Final Rule 24 CFR 92.203 (b))*.
  
- c) HUD establishes and publishes income limits for each county or Metropolitan Statistical Area (MSA). LIHTC Sec 42 and RD 538 also publish Annual income limits for the same or similar areas. The most restrictive of the Income Limits will be used to qualify households if that program is used and applies to the household or unit. The income limits are based on the median income of the geographic area for which the limit is established.
  - i) Income limits are based on household size and the annual gross income that the household receives. *(HUD MF Occupancy Handbook)*
  
- 8) Unit Transfer Policies:
  - a) Owners are obligated to transfer tenants to different units as a reasonable accommodation to a household member’s disability. For example, a tenant with a physical disability might need a transfer to an accessible unit, or a unit on the ground floor, or a larger unit to accommodate a live-in aide. Transfers which are needed as a reasonable accommodation should be made on priority basis. *(HUD MF Occupancy Handbook)*
  
  - b) Describe your policies to address the following: *(HUD MF Occupancy Handbook 7-27 section 3)*
    - i) Transfer waiting lists will be maintained. The list will have categories for the unit size needed, disability design feature required, or other special

category. The list will be maintained on a master list basis for the entire property with categories to prioritize one household over another. Priority will be given as indicated below for reasonable accommodation for disabilities.

- ii) Change in family size: Households that have a permanent change in household size that result in the household being above or below the minimum size specified for the household they currently occupy may be required to transfer to the first available unit that meets the current family size. If the proper sized unit does not exist in the property then they should move to the most appropriately sized unit that does exist. These transfers will normally be done on a first come first serve basis; using the date that the change in household size is reported or observed to set priority. However, households requiring a transfer due to disability or medical reason will normally have priority over household size changes.
- iii) Medical reasons: Households that have members that experience some change in medical condition where a change to another size or location of unit would help improve their ability to live independently will be transferred to the first available unit that meets their changed physical requirements. An example would be a household that requires a transfer from an upstairs to a downstairs unit due to medical reason that has impaired their ability to climb stairs. The severity or urgency of the condition would be taken into account; however normally such transfers would have a priority based on the reported date of the needed change. Transfers for medical reason would have priority over transfer for change in household size or family composition. Documentation of the medical reason will be placed in each household's file. Reasonable Accommodations will be made in both physical elements and policies/procedures whenever requested by existing residents with disabilities in accordance with HUD regulations more fully defined in 4350.3 subsections 4, 2-38 through 2-47.

9) Procedures for Determining Tenant Eligibility

Initial Lease up will start with the efforts listed in the approved Affirmative Fair Housing Marketing Plan (AFHMP) approximately 120 days prior to initial occupancy. Applications will be accepted and added to the site's waiting list once the Affirmative Fair Housing Marketing Plan (AFHMP) efforts have started.

- a) Tenant files, applications and waiting lists are maintained at the project by the Site Manager. The tenant files contain the pertinent records relating to tenant eligibility.
  
- b) Through the Agent's training program, the Site Manager will obtain the skills necessary to perform necessary rental related duties and eligibility determination.
  
- c) A waiting list will be used by the Site Manager. All prospective applicants will be provided a comprehensive list of all information required for an application for admission to be considered complete. The information required by the applicants before they are put on the waiting list includes:
  - i) Income and assets of the household
  - ii) Household composition:
    - (1) Names of all household members
    - (2) Number in the household including unborn children (for the purpose of determining household size)
    - (3) Current address and contact information
    - (4) Birthdates of household members
  - iii) Copies of Social Security cards (or other proof of SSN)
  - iv) Copies of Driver's License (or other picture identification)
  - v) Prior and present landlord information
  - vi) The application must be signed by all adults applying for occupancy
  - vii) Application fee (if applicable)
  
- d) All completed applications will be placed on the waiting list in the date/time order in which it is received. The waiting list will also be coded with the income level that the applicant appears to meet based upon the information they supply on their application. Any indication of unit size preference or need of a mobility impaired unit will also be coded on waiting list to help guide processing priority.  
Applicants will be notified in writing of their waiting list placement, or their need to provide additional information in order to be placed on the waiting list.
  
- e) The waiting list will be purged at least annually (or as needed according to the size of the list). Notification will be sent to each applicant to the last known

address inquiring as to his or her interest in remaining on the list. If the applicant fails to respond within 30 days, the application shall be withdrawn from the waiting list.

- f) When an apartment is available, applicants determined eligible are selected on a first come first serve basis according to the chronological order of each categorized waiting list income group. Applicants will generally be processed in Date/Time order.
- g) Applicants will be sent a notice, giving at least 30 days, with the approximate date the unit will be available.
- h) If the property has a designated special interest group, an addendum will be provided containing the specific additional selection criteria. (See attached addendum to the Tenant Selection Policy).
- i) The Site Manager will proceed to obtain third party verification or other acceptable source documents necessary to verify income, asset, student status, landlord & personal references and credit & criminal history starting with the first applicant on the list, note: initial move-in income must qualify under the tax credit and/or HOME regulations and other governing agencies in accordance with any regulatory agreements the Owner has committed to. Applicants will be contacted by phone.
- j) The eligibility of an applicant will be determined by the Site Manager and the Agent in accordance with Agent's written Tenant Selection Criteria and LIHTC/HOME program regulations (See Part 5).
- k) Vacancies are committed to the next eligible applicant upon receipt of the current tenant's 30-day notice. If no notice is received, the vacancy will be rented to the eligible applicant (found on the list in the proper order) who can move in immediately.
- l) For tenants receiving assistance through the HUD Section-8 Voucher Program, the contract rent and tenant rent shall be determined by the local PHA.

- m) The holders of rental assistance subsidies (i.e. Section-8) are eligible for the HOME Units provided they meet all eligibility requirements and other selection criteria per regulation 92.252(d). Although their rent and subsidy combined can not exceed the HOME restricted rents.
- n) HOME units are restricted to very low-income tenants pursuant to HUD Income Limits, and the HOME rents are to be approved by the County or local jurisdiction.
- o) Reasonable consideration will be made for former federal preferences FN 331 (families that are involuntarily displaced, victims of violence, reprisals or hate crimes, displacement because of domestic violence (VAWA), displacement by inaccessibility) pursuant to regulation 92.253(d)(3) and 92.209 (c) (2), as long as they qualify pursuant to the complex criteria.
- p) The project owners will not occupy HOME-assisted units, per regulation 92.
- q) Applicants that require a unit size or income level that have already been filled or will likely be filled by applicants already in process may be skipped but left on the waiting list with their original date/time priority in order to reach applicants for other size units at other income levels that they would not need or afford. If the household has a housing assistance voucher that would overcome the affordability issue, they would be processed in date/time order.
- r) Applicants who have been approved must take the first unit of appropriate size and design, i.e. Mobility Impaired unit that becomes available when their name reaches the top of the waiting list. Households who fail to take the first available unit offered to them when they reach the top of the respective waiting list will be declined and their names crossed off the waiting list. Declined applicants can apply again by submitting a new application which will receive a new date/time priority and be relisted on the waiting list in a new location, based on that date/time.
- s) All applicants who are denied housing will be provided a written notification of their denial with the reasons for denial listed. Each such notice of denial will also provide the applicant with their rights of appeal to the decision. All applicants have the right to respond to the notice within ten calendar days after

receipt and furthermore are advised of the right to a hearing in accordance with 7 CFR 3560.160 (f), which is available upon request.

10) Establishing Priority for Filling Vacant Units

- a) Existing Residents will have a priority over applicants to fill vacant units if the existing household has a need for a mobility impaired unit or for medical reasons.
- b) Existing households transferring to a new unit or a new applicant household must meet all current requirements for the unit they are transferring into.
- c) Change in Need for Accessible Features-If a household is in an accessible unit but no longer needs the accessible features, the owner may request that the household move to another unit in the project.
- d) Eviction for an overcrowded or underutilized unit (*HUD MF Occupancy Handbook*)

The owner may require the household to move to a unit of appropriate size. If a unit of appropriate size is not available, the owner will not evict the household solely for violation of the unit size standards and must not increase the household's rent to the market rent.

11) Process of taking Applications

- a) Upon receipt of an application for tenancy, the owner/manager will note on the application the date and time received.
- b) Applicants will be notified in writing that they have been placed on the waiting list, for which size unit, and their estimated income level priority and when they can expect to have their application processed (*UMR 8305*)
- c) All ineligible applicants will be sent written notification of their ineligibility or declined status; which will state the reason(s) and provide



them information on their applicable rights of appeal. (*HUD Tenant grievance procedures.*) Rejecting ineligible applicants (*UMR 8305*)

- i) Applicants will be notified of the reason for rejection. They will include failure to meet the criteria listed above for approval; i.e. Failure to meet Income Requirements, Credit and or Housing history below property standards, failure to cooperate with the verification process, or inability to have the required information verified to allow qualifying the household for the programs involved and or as a good rental risk.
- ii) Applicants will be requested to provide updated information to management of any substantial change in the applicants' household size, composition, income, assets, and contact information. (*HUD and RD 3560.2 Handbook*)

12) Plans and Procedures for Marketing Units, Achieving and Maintaining Full Occupancy, and Meeting Affirmative Fair Housing Marketing Plan Requirements (HUD Form 935.2)

- a) The Agent will advertise units in the local newspapers, distribute flyers, post banners, etc. as needed to meet the needs of the market to sustain maximum occupancy and an adequate waiting list.
- b) The annual advertising campaign will comply fully with the Affirmative Fair Housing Marketing Plan (AFHMP). Through advertising and other outreach efforts set forth in the AFHMP, Agent will attempt to reach persons who are least likely to apply.
- c) By using the outreach efforts outlined in the AFHMP we will achieve and maintain the highest level of occupancy reasonably obtainable. Agent's telephone number will be posted on the sign on the premises. Whenever the Agent's telephone number or the project telephone number is given, the State's Relay System telephone number will also be given so that individuals with a hearing impairment can access rental information. The State's Relay System is available 24-hours a day and is free to the public.
- d) Additional Marketing will be conducted as needed using any or all of the methods outlined in the AFHMP, or other effective methods including flyers, approved rent incentives, radio, public access television, brochures, etc. All

advertising will contain the appropriate Equal Housing Opportunity and handicap accessibility statements or logos and the State's Relay System telephone number. Where a significant number of persons in the area of the rental housing development have limited fluency in English publications and the affirmative marketing will be provided in the appropriate language.

- e) Advertising for Elderly projects will be marketed to and advertised as affordable housing for "individuals 62 or older and or disabled".

13) Methods for Informing Participants of the Right to Request Reasonable Accommodation and Responsibility to Comply with Civil Rights Law.

- a) Public notice is given that the Owner/Agent does not illegally discriminate against any individual. Such notice is given by the display of the Equal Housing Opportunity statement and logo and the Universal Symbol of Accessibility.
- b) Managers will be trained in effective ways to communicate with individuals with a disability, including sight or hearing impairments and individuals with mental or developmental disabilities. This training will include proper use of the State's Relay System.
- c) A "Notice to All Applicants/Tenants with a Handicap/Disability" is given to every applicant when they receive an application and to every tenant no less than annually at recertification. The notice informs them of their right to request reasonable accommodations/modifications if they choose to do so at any time during their application process or tenancy.
- d) Disclosure and verification of a disability is not required unless a reasonable accommodation is requested. Verification of an individual's disability will be limited to information necessary to determine that the individual making the request is in fact a person with a disability and therefore entitled to accommodation under ADA law, and that the requested accommodation is necessary and related to a disability. This information will be obtained by a third party medical professional such as a doctor, psychologist, or other health care provider who has the legal capacity within the scope of their practice to diagnose and prescribe treatment unless it is obvious without such third party verification. Verification will be obtained from such qualified persons as

identified by the applicant/tenant as the person who can verify the need for the accommodation.

- e) When determining what methods of accommodation are necessary, primary consideration will be given to the request and the needs of the individual making the request.
  
- f) Reasonable Accommodation may include, but is not limited to:
  - i) Use of a professional reader, large print and audio tape versions of notices, application and lease documents, priority for a wheelchair accessible unit or sight/vision impairment accessible unit, unit on the first floor, physical modification to an existing unit, modification to policies, or other accommodations as indicated by the individual making the request.
  - ii) Service Animals and Companion Animals are considered reasonable accommodation upon verification of need. Tenants are required to enter into and abide by a Service/Companion Animal Agreement. No pet deposit or additional security deposit is required.
  
- g) The person in the Agent's organization who is responsible for reviewing and coordinating Requests for Reasonable Accommodation is the ADA Coordinator. The ADA Coordinator acts in an advisory capacity to the Property Manager who is directly responsible for implementing approved requests. In accordance with Section 504 regulations, request will only be denied if one of the following conditions exist:
  - i) Unable to verify that the applicant/tenant is a disabled person
  - ii) Unable to verify that the requested item is necessary and related to a disability
  - iii) Action would result in a fundamental alteration in the nature of the program
  - iv) After considering all of the resources available to the project it is determined that the action would result in an undue financial or administrative burden Action is technically or structurally not feasible.
  
- h) When requested accommodations are not feasible, alternative accommodations will be offered when appropriate.

- i) If the tenant proposes alterations, to be made at their expense (non HOME and non RDA units), Agent will obtain their proposed plan, including contractor information, and present it to Owner for consideration.
  
- j) The Site Manager will maintain a waiting list for individuals requesting accessible units. In order to make the best use of the limited supply of accessible units, priority will be given to applicants with a verified need for the specific design features of the available unit. Priority is given first to tenants living in the project, then to applicants on the waiting list.
  
- k) When there are no individuals on the waiting list who require an accessible unit, the Site Manager will make known the availability of accessible units by advertising in the local paper and by contacting local independent living centers, area agency on aging, veterans groups, and any other community organization that may provide services to individuals with a disability. If a minimum of two weeks of outreach does not produce eligible applicants, accessible units may be rented to the next qualified person on the waiting list. The tenant will sign a Unit Waiver which will require the tenant to move if at anytime a non-ADA unit comes available and an applicant has been approved that requires an accessible unit
  
- l) Individuals with a disability will not be limited in their choice of apartments. A person with disability is not required to accept a unit with special design features. An applicant will indicate their choice for an accessible unit by marking the appropriate box on the Application for Admission, or by making a request for reasonable accommodation, requesting an accessible unit.

ADDENDUM TO TENANT SELECTION POLICY  
SPECIFIC TO VETERAN HOUSEHOLDS

**Definition - “Veteran” means any person who served in the active military, naval, or air (v)service of the United States, or as a member of the National Guard who was called to and released from active duty or active service, for a period of not less than 90 consecutive days or was discharged from the service due to a service-connected disability within that 90-day period. This includes all Veterans regardless of discharge status.**

- A. Eureka Homeless and Veterans Housing Project adheres to “Housing First property management and tenant selection practices as described in Sections 112, 113 and 114 of VHHP program guidelines. See below sections.

Section 104. Occupancy Requirements

(a) Occupancy of all Assisted Units shall be restricted to households including one or more Veterans with incomes at time of move-in not exceeding the limits approved by the Department and specified in the Program regulatory agreement. The maximum income limit at move-in shall be 60 percent of Area Median Income.

(b) If the Veteran who qualified a household for occupancy moves out, and household members remain, the unit shall still be considered an Assisted Unit, unless the qualifying Veteran’s occupancy was for less than three months, or there is evidence that the Veteran’s occupancy was intended to be for a short duration.

(c) Occupancy of units designated as Supportive Housing or Transitional Housing shall be further restricted to households that include Veterans who are Homeless, Homeless with a Disability, or Chronically Homeless, as approved by the Department and specified in the Program regulatory agreement. Sponsor shall maintain documentation of eligibility consistent with federal regulations implementing the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.

(d) Any occupancy restrictions based on conditions of separation from military service are subject to Department approval.

- (1) Projects may only restrict occupancy to Veterans who separated from military service under certain conditions (e.g. under other than dishonorable conditions), or who qualify for VA health care, when required by a public agency funding source.
- (2) Prioritized for occupancy by Veterans who are ineligible for VA health care and/or HUD-VASH.

(e) Occupancy requirements shall apply for the full term of the Program loan. In the event the Department determines, and the California Department of Veterans Affairs concurs that there are no longer sufficient Veterans eligible for one or more categories of households eligible for Supportive Housing or Transitional Housing, based on evidence from the local Continuum of Care, the VA, the local Point-in-Time count of persons experiencing homelessness, and similar sources, the Department may adjust the occupancy requirements for these units, but only to the minimum extent required for project feasibility, and not sooner than five years from the date of Program loan closing. The Department shall periodically evaluate the need for continuing any adjustments made to the original occupancy requirements, and may modify these adjustments over time or reinstate the original requirements.

#### Section 112.

(a) Projects shall employ Housing First practices that are documented in the application, property management plan and supportive services plan. Adherence to Housing First practices shall be subject to periodic compliance monitoring.

(b) For Supportive Housing units, Housing First property management and service delivery practices shall be followed. Housing First practices include the following:

(1) Tenant selection practices that promote the acceptance of applicants regardless of their sobriety or use of substances, completion of treatment, or agreement to participate in services;

(2) Applicants are seldom rejected on the basis of poor credit or financial history, poor or lack of rental history, or minor criminal convictions;

(3) Applicants are assisted in making application for tenancy and reasonable accommodation requests;

(4) Supportive services are flexible and voluntary and focus on housing stability, engagement, and problem-solving over therapeutic goals; and

(5) The lack of policies or practices regimenting daily activities or limiting privacy, visitors, or individuals ability to engage freely in community activities or to manage their own activities of daily living.

### Section 113.

(a) Sponsors shall select tenants in accordance with the provisions of 25 CCR Section 8305, the Uniform Multifamily Regulations.

(1) Reasonable selection criteria, as referred to in Section 8305(a)(1), shall include priority status under a local coordinated access (a.k.a. coordinated assessment) system developed pursuant to 24 CFR 578.7(a)(8);

(2) Potential tenants shall not be rejected based on the type of their military service discharge, unless specifically required by a public agency funding source for the project.

(b) For Supportive Housing, tenants shall be selected using the local CES.

(3) For units restricted to the Chronically Homeless or Homeless with a Disability, projects shall prioritize highly vulnerable households referred for permanent supportive housing by the local coordinated access system.

(4) Where the local coordinated access system is not yet operational, projects shall coordinate directly and accept referrals from VA programs for homeless veterans,

emergency shelters, safe havens, drop-in centers, and street outreach programs frequented by vulnerable persons experiencing homelessness.

(c) For Transitional Housing, occupants shall be selected using the local coordinated access system.

(5) For units restricted to the Chronically Homeless or Homeless with a Disability, projects shall accept referrals and prioritize highly vulnerable households as referred by the local coordinated access system.

(6) Where the local coordinated access system is not yet operational, projects shall coordinate directly and accept referrals from VA programs for homeless veterans, emergency shelters, safe havens, drop-in centers, and street outreach programs frequented by vulnerable people experiencing homelessness.

(d) For projects without Supportive Housing or Transitional Housing, projects shall coordinate directly and accept referrals from SSVF and other programs that serve high need veterans.

#### Section 114.

Rental or occupancy agreements for Assisted Units shall comply with 25 CCR Section 8307, the Uniform Multifamily Regulations. Tenants shall not be required to maintain sobriety, be tested for substances, or participate in services or treatment.

\*In addition to the verification requirements on page 8 (c)(i-vii), site manager will verify applicant veteran status using form DD 214/215 (deleted version and undeleted version are both acceptable) or NGB 22/22A.