

COMMUNITY PLACEMENT PLAN (CPP) HOUSING AGREEMENT (FY 2021-22)

Home Ownership for Personal Empowerment (HOPE) (Project ID: FDLRC-2122-4)

This CPP Housing Agreement (this "Agreement"), dated for reference purposes as of June 14, 2022 (the "Effective Date"), is entered into by and between Home Ownership for Personal Empowerment (HOPE), a California nonprofit corporation ("Home Ownership for Personal Empowerment") and Los Angeles County Developmental Services Foundation, a California nonprofit public benefit corporation dba Frank D. Lanterman Regional Center ("FDLRC"), in accordance with the following facts:

- A. <u>The Consumers</u>. FDLRC provides services to individuals with developmental disabilities in Los Angeles County, California (which individuals, together with their FDLRC-designated caregivers and assistants, shall collectively be referred to as FDLRC's "Consumers").
- B. <u>Home Ownership for Personal Empowerment (HOPE) Mission</u>. HOPE represents and warrants that it has the experience and expertise to develop and manage affordable homes for individuals with special needs, including individuals with developmental disabilities, and that its primary mission is to assist such individuals with their housing needs.
- C. <u>The Property; the Residence</u>. HOPE intends to purchase and renovate one property ("Property") so that the Consumers can occupy the Property. HOPE shall develop (i) one Enhanced Behavioral Supports Home ("EBSH" or "Residence") for four (4) Consumers. The Property will be licensed to provide crisis support services to the three Consumers.
- D. <u>CPP Guidelines; Funding Approval; CPP Funds</u>. The California Department of Development Services ("**DDS**") published Fiscal Year 2017-18 Guidelines for Purchasing and Developing Permanent Housing through the Regional Center Community Placement Plan (CPP), Requests and Modifications (the "**CPP Guidelines**") govern FY 2021-22 housing developments until updated. HOPE acknowledges that it has reviewed and understands the CPP Guidelines, including all of the Appendices thereto. All references in the CPP Guidelines to the "NPO" means HOPE.
- E. <u>Housing Proposal; Funding Approval; CPP Funds</u>. In accordance with the CPP Guidelines, FDLRC (with HOPE's assistance) shall submit a housing proposal to DDS requesting funds for the acquisition and renovation of the Property for the benefit of those Consumers described in the CPP Guidelines. DDS's Letter of Conditional Approval (as defined in the CPP

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Guidelines), by which DDS conditionally agrees to fund the housing proposal, is hereinafter referred to as a "Funding Approval", and the funds that DDS will provide to FDLRC pursuant to the Funding Approval are hereinafter referred to as "CPP Funds"; provided, however, notwithstanding anything in this Agreement to the contrary, FDLRC shall have no financial or other obligation of any nature with respect to the Property until (i) HOPE is in escrow to purchase such Property, (ii) FDLRC approves such purchase in writing and (iii) DDS gives its final acquisition approval to such purchase under Section X.B of the CPP Guidelines.

- F. <u>The Leases</u>. Once HOPE acquires and renovates a Property with CPP Funds, HOPE intends to lease the Property to a service provider who is vendorized with FDLRC (a "**Service Provider**") under a written lease (the "**Lease**"). The Service Provider will provide services to FDLRC's Consumers who will occupy the Residence that HOPE leases to the Service Provider.
- G. <u>Purpose of Agreement</u>. The purpose of this Agreement is to describe FDLRC's and HOPE's rights and obligations to each other with respect to the acquisition, development, lease and maintenance of the Residence, conditioned on FDLRC's receipt of Funding Approval and final property acquisition approval from DDS.

NOW THEREFORE, in consideration of the following mutual covenants, FDLRC and HOPE agree as follows:

- 1. <u>The CPP Funds; Aggregate and Individual Amounts</u>. The maximum amount of FY 2021-22 CPP Funds available for HOPE's acquisition and renovation of the Property is shown on <u>Exhibit "A"</u> attached hereto. HOPE must spend all of the CPP Funds by **March 31, 2024**; any unspent funds will revert to the State. The CPP Funds are broken down as follows:
- 1.1 <u>Property Acquisition</u>: FDLRC shall reimburse to HOPE the maximum amounts per Property as shown on <u>Exhibit "A"</u> to cover a portion of HOPE's cost to acquire such Property. FDLRC shall disburse such acquisition funds in accordance with Section 6.1 below and the other terms of this Agreement, and at the following times for the Property: (i) up to 25% per Property, once FDLRC instructs HOPE to commence its search to acquire such Property, to be offset against future HOPE invoices until recovered in total; and (ii) up to 75% on the date escrow closes and HOPE acquires fee ownership in each such Property.
- 1.2 <u>Property Renovation</u>: FDLRC shall reimburse to HOPE the maximum amounts per Property as shown on <u>Exhibit "A"</u> (each, a "**Maximum Renovation Amount**" for the applicable Property) to cover a portion of HOPE's cost to renovate and make improvements to the Residence thereon so that FDLRC's Consumers may occupy the Property. FDLRC shall disburse such renovation funds in accordance with the milestones in Section 20 of this Agreement.

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- HOPE's Budget. Payment Approvals. HOPE has prepared and submitted to FDLRC an itemized budget proposal detailing the proposed use of funds for the Property. HOPE shall update the budget monthly, and more often as requested by FDLRC or as required by the CPP Guidelines. Within 15 days after the applicable municipality approves the final plans and specifications for the renovation work for a Property, HOPE shall deliver a final budget to FDLRC (the "Final Budget") for its approval. However, once FDLRC approves the Final Budget, no line item within the Budget shall increase or decrease by more than 10% cumulatively without FDLRC's written consent. Funds are intended to offset only a portion of HOPE's total costs to purchase and renovate the Property. Approval of payment(s) by FDLRC and provisions for payment are subject to the terms and conditions which are set forth in the State Administrative Manual (SAM) requirements for subvention aid contracts, and are limited to those expenses which are designated as acceptable items.
- 2. <u>Applicability of CPP Guidelines</u>. HOPE shall at all times comply with the requirements in the CPP Guidelines. If DDS imposes new obligations in revised or amended CPP guidelines that did not appear in the current CPP Guidelines, or that contradict earlier CPP guidelines, or if any inconsistency exists between the terms of this Agreement and the CPP Guidelines, the terms of the CPP Guidelines shall prevail with respect to the Property.
- 3. <u>Term.</u> Subject to the provisions in Section 1 above, the term of this Agreement shall commence on the Effective Date and end on the earlier of (1) the date HOPE is no longer a fee owner of the Property or (2) **December 31, 2051**, subject to any earlier termination as provided in this Agreement. However, the termination or expiration of this Agreement shall not affect the continued enforceability of the documents intended to survive its termination (as provided in Section 12 below).
- 4. <u>Property Acceptance Agreement; Implementation Plan; Commitment Letter</u>. Once DDS issues Funding Approval to FDLRC, HOPE will work collaboratively with FDLRC in locating housing opportunities for Consumers, based on those needs articulated by FDLRC, and in accordance with the following provisions:
- 4.1 <u>Implementation Plan</u>. Prior to acquiring the Property, HOPE shall prepare and submit to FDLRC, for its review and approval, an implementation plan for such Property (the "**Implementation Plan**"). The Implementation Plan will contain all information required by the CPP Guidelines. Thus, for example, the Implementation Plan shall (1) specify a process that ensures compliance with all state and local building requirements, including without limitation FDLRC's receipt of verification that any project has received all applicable required permits prior to the start of any demolition, construction, or renovation and (2) contain a detailed financing plan, along with a construction and operations budget containing the information required by the CPP Guidelines, HOPE shall update and revise the Implementation Plan at FDLRC's request. FDLRC

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may condition its execution of the Property Acceptance Agreement (defined in Section 4.2 below) on FDLRC's approval of the Implementation Plan.

- 4.2 Property Acceptance Agreement. Prior to HOPE's purchase of the Property, HOPE and FDLRC will attempt to reach agreement on the Agreed Rent (defined in Section 16.5.1 below) for such Property, if feasible. If (1) the parties reach agreement on the Agreed Rent and (2) FDLRC approves the location, condition and other aspects of the Property (including the terms of the Lease, as provided in Paragraph 5 below, and the type of housing to be developed for Consumers), then the parties will sign the Property Acceptance Agreement attached as Exhibit "B" attached hereto (the "Property Acceptance Agreement"), confirming that the Property is subject to the terms and conditions of this Agreement. Only a Property identified in a fully executed Property Acceptance Agreement that references this Agreement is subject to the terms and conditions of this Agreement.
- 4.3 <u>Commitment Letter</u>. After the parties sign the Property Acceptance Agreement for a Property, and upon HOPE's request, FDLRC will provide a letter to HOPE in the form attached as <u>Exhibit "C"</u> hereto.
- 4.4 <u>Appraisal</u>. HOPE shall not purchase a Property in excess of its appraised value, based on an appraisal which date is not earlier than 120 days before the closing. HOPE may use an appraisal provided to the senior Lender in establishing the Property's appraised value. HOPE shall provide the appraisal to FDLRC as soon as practicable, for its approval. FDLRC shall ensure the purchase price of the Property is supported by such appraisal before signing the Property Acceptance Agreement. The parties acknowledge that DDS will not approve any purchase of a Property for a price higher than its appraised value.
- 4.5 <u>Financial Analysis of HOPE; Corrective Action Plan.</u> FDLRC may at any time perform a financial analysis of HOPE's and its subsidiaries' financial statements, and HOPE shall fully cooperate in such process. Such analysis may include, but not be limited to, a calculation of HOPE's debt coverage ratios (including debt to earnings ratio, debt to equity ratio, and EBITDA ratios), cash reserves, working capital and operating margin. If FDLRC is reasonably concerned about HOPE's financial condition after completing such analysis, based on either current year status or multi-year trends, HOPE will cooperate with FDLRC in implementing a corrective action plan to improve HOPE's financial condition to FDLRC's reasonable satisfaction. If HOPE is either unwilling or unable to timely implement such plan to FDLRC's reasonable satisfaction, FDLRC may terminate this Agreement with respect to any Property that HOPE has not yet acquired.
- 5. <u>Lease to Service Provider</u>. After the parties sign the Property Acceptance Agreement for a Property, (1) FDLRC shall use its good faith efforts to identify a Service Provider to lease the Property from HOPE, as well as Consumers who can occupy the Property and (2) HOPE and FDLRC will use their good faith efforts to have HOPE lease the Property to the Service 1614504.2 P-22-76

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Provider. The parties will use their good faith efforts to have the Service Provider sign the Lease prior to HOPE's purchase of the Property. Notwithstanding the date the Lease commences, the Service Provider's obligation to pay rent shall not commence until after HOPE completes its renovations to FDLRC's satisfaction and delivers the Property to the Service Provider, ready for occupancy by Consumers, as of the date noted in a fully executed Certificate of Acceptance (the form of which is attached as an exhibit to the Lease).

- 5.1 <u>FDLRC's Payment of Holding/Transition Costs to HOPE</u>. To the extent permitted by the Funding Approval, FDLRC will disburse CPP Funds equal to all transition costs allowable within the CPP Guidelines for up to six months after HOPE acquires a Property (or for a longer period, if approved by both FDLRC and DDS in their sole and absolute discretion) and before HOPE begins receiving rent under the Lease for such Property, as part of the renovation costs and subject to the maximum disbursement allowed under Section 1.2 above.
- 6. HOPE's Acquisition of Housing; Disbursement of CPP Funds; Notice to FDLRC. HOPE will notify FDLRC in writing (1) when HOPE opens an escrow to purchase the Property, (2) promptly after HOPE closes the escrow, (3) whether the Property requires renovations to house FDLRC's Consumers, (4) if renovations are required, the expected date that such renovations will be completed, (5) on the date a Notice of Completion is recorded for renovation work, (6) on the date HOPE obtains a certificate of occupancy or final building sign off by the applicable governmental agency having jurisdiction over the renovations and (7) on the date the construction financing, if any, converts to permanent financing. HOPE shall also provide to FDLRC an annual operating budget and quarterly statements of the loan balance and the replacement reserve for the Property, if so requested by FDLRC to fulfill its reporting obligations to DDS. HOPE acknowledges that FDLRC requires this information in order to comply with its quarterly and annual reporting duties to DDS under the CPP Guidelines. Notwithstanding anything herein to the contrary, HOPE shall not close escrow on a Property until DDS has given its final approval for HOPE to be the NPO for this project and has also approved HOPE's acquisition of such Property under Section X.B of the CPP Guidelines.
- 6.1 <u>Disbursement of CPP Funds at Acquisition</u>. The CPP Funds FDLRC has earmarked for HOPE's acquisition of the Property shall be disbursed by FDLRC directly to the escrow agent handling the sale of such Property, along with escrow instructions for the escrow agent's proper use of such funds. FDLRC shall disburse its funds by wire transfer. FDLRC's escrow instructions shall provide that escrow agent shall not disburse any CPP Funds to HOPE or for its benefit until the escrow agent (i) records the Restrictive Covenant and DDS Deed of Trust described in Sections 8 and 10 below and (ii) records the Profit Participation Agreement or delivers the DDS Note described in Section 9 below.

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- 6.2 <u>HOPE's Delivery of Vesting Deed.</u> Upon close of escrow, HOPE shall deliver a conformed copy of the vesting deed to FDLRC and DDS to confirm HOPE's fee ownership of the Property.
- 6.3 Occupancy by Consumers. HOPE shall only select a property to purchase that will meet the needs of the Consumers expected to reside there, as specified in their Individual Program Plans (IPP) and as approved by DDS under the Funding Approval. Promptly after this Agreement is executed and before HOPE begins searching properties, the parties shall meet and review (i) FDLRC's site selection criteria and (ii) the specific needs for Consumers who are expected to reside at the Property. All Consumers ultimately occupying the Residence must be identified within FDLRC's Community Placement Plan (CPP). No Consumers shall occupy the Residence until after HOPE makes all appropriate renovations so that such Residence is available for use by FDLRC's Consumers, and FDLRC reasonably approves such renovations in writing.
- 6.4 <u>Notice to Licensing Agency</u>. As required by CPP Guidelines, FDLRC and HOPE shall implement a courtesy noticing procedure to the applicable licensing agency to keep such agency informed of HOPE's plans for acquiring, developing and/or renovating the Residence.
 - 7. <u>Lender's Agreement to Provide Notice and Cure Rights.</u>
- 7.1 <u>Definitions</u>. A "**Lender**" means an institutional lender that makes a Loan to HOPE, the proceeds of which are applied to pay the costs of acquisition of the Property, and any construction, renovation, rehabilitation or remodeling of the Residence on such Property, and such lender's successors or assigns, and any lender that makes a Loan to refinance any such Loan. A "**Loan**" means a loan from a Lender to HOPE secured by the lien of a deed of trust encumbering a Property (the "**Deed of Trust**").
- 7.2 <u>Financing Responsibility</u>. It is HOPE's sole responsibility to apply for and obtain, and HOPE assumes all risks associated with, all Lender financing for the Property (including acquisition and construction financing [if any], and permanent financing). Notwithstanding the foregoing, FDLRC reserves the right to approve each Lender and the terms of each loan; such approval shall not be unreasonably withheld or delayed. HOPE is solely responsible for administering all construction loan funds from a Lender including, but is not limited to, preparing and submitting applications for funding, executing funding agreements, preparing requests to draw down funds, and preparing all required reports.
- 7.3 Notice and Cure Agreement. Prior to HOPE's acquisition of a Property, HOPE shall cause each Lender to sign, and deliver to FDLRC, an Agreement to Provide Notice and Cure Rights (the "Notice and Cure Agreement"). The form of the Notice and Cure Agreement shall be the same as the form attached as an exhibit to the CPP Guidelines. The purpose of such document is to insure that the Lender will give FDLRC and DDS adequate notice and the

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opportunity to cure any default by HOPE under the Loan. The parties agree to modify the form of the Notice and Cure Agreement if so requested by DDS. Except for FDLRC's advance of certain acquisition funds for the Property as noted in Paragraph 1.1 above, FDLRC shall not disburse any CPP Funds to HOPE or for its benefit until FDLRC is in receipt of the executed Notice and Cure Agreement from the Lender. FDLRC shall submit a signed copy of the Notice and Cure Agreement to DDS within 15 days after the date HOPE acquires ownership of a Property.

- 7.4 No Use of CPP Funds and Lender Funds for Same Purpose. HOPE shall not use the Lender's funds and CPP Funds for the same costs or expenses.
- 8. Restrictive Covenant. At the time HOPE becomes the fee owner of the Property, HOPE and FDLRC will sign and notarize a Restrictive Covenant (the "Restrictive Covenant") and cause it to be recorded against such Property. The form of the Restrictive Covenant shall be the same as the form attached as an exhibit to the CPP Guidelines. The purpose of the Restrictive Covenant is to insure the Property shall be used and occupied only by Consumers in accordance with the provisions and limitations in the CPP Guidelines. The parties agree to execute amendments and modifications to the Restrictive Covenant as reasonably requested by DDS. At all times during HOPE's ownership of the Property, HOPE shall comply with all of the provisions in the Restrictive Covenant applicable to such Property.
- 9. <u>DDS Note</u>; <u>Profit Participation Agreement</u>. At the time HOPE becomes the fee owner of the Property, HOPE shall either (i) execute a Promissory Note in favor of DDS (the "**DDS Note**") <u>or</u> (ii) execute and notarize a Profit Participation Agreement in favor of DDS (the "**PPA**") and cause the PPA to be recorded against such Property. The form of the DDS Note or PPA shall be the same as the forms attached as exhibits to the CPP Guidelines. The purpose of such documents are to further secure HOPE's obligations to DDS. HOPE agrees to execute amendments and modifications to the DDS Note or PPA, as applicable, as reasonably requested by DDS. At all times during HOPE's ownership of the Property, HOPE shall comply with all of the provisions in the DDS Note or the PPA applicable to such Property.
- 10. <u>DDS Deed of Trust</u>. At the time HOPE becomes the fee owner of the Property, HOPE shall execute and notarize a Deed of Trust in favor of DDS (the "**DDS Deed of Trust**") and cause it to be recorded against such Property. The form of the DDS Deed of Trust shall be the same as the form attached as an exhibit to the CPP Guidelines. The purpose of such document is to secure HOPE's obligations to DDS, including HOPE's obligations under the Restrictive Covenant. HOPE agrees to execute amendments and modifications to the DDS Deed of Trust as reasonably requested by DDS. At all times during HOPE's ownership of the Property, HOPE shall comply with all of the provisions in the DDS Deed of Trust applicable to such Property.
- 11. <u>Title Insurance</u>. HOPE shall obtain an owner's policy of title insurance at the time it purchases the Property. HOPE shall also obtain a lender's policy in favor of DDS with respect 1614504.2 P-22-76

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to the Restrictive Covenant, the DDS Deed of Trust and the PPA, in an amount equal to the principal noted in the DDS Note or PPA. The cost of the lender's policy shall be paid from CPP Funds.

- 12. Consequence of Breach; Termination of Agreement; Instruments Remain in Effect. HOPE's breach of any Restrictive Covenant, DDS Note, DDS Deed of Trust or the PPA shall also constitute HOPE's breach of this Agreement. Each Restrictive Covenant, DDS Note, DDS Deed of Trust and the PPA shall survive the termination of this Agreement, and shall only be terminated in accordance with their terms.
- 13. Future Loan Refinancing; Subordination of Restrictive Covenant, DDS Deed of Trust and PPA. Upon the request of a Lender whose Loan is being repaid with a portion of the Agreed Rent, and subject to DDS's consent, then upon the request of the new Lender, HOPE and FDLRC may execute an agreement (the "Subordination Agreement") to subordinate the Restrictive Covenant, the DDS Deed of Trust and the PPA of the applicable Property to the lien of the Lender's Loan, as long as such Subordination Agreement or a separate agreement signed by the Lender (such as the Notice and Cure Agreement) provides that the Lender will give both FDLRC and DDS adequate notice and cure rights if HOPE defaults under its Loan. FDLRC will request DDS to sign the Subordination Agreement, but FDLRC shall not have any liability if DDS fails to sign the Subordination Agreement.
- 14. HOPE's Delivery of Each Lender's Deed of Trust to FDLRC; Recordation of Request for Notice. Promptly after each Lender records its Deed of Trust to secure its Loan for the applicable Property, HOPE shall deliver a conformed copy of the Deed of Trust to FDLRC. FDLRC requires a copy of each Deed of Trust so that FDLRC can record Requests for Notice under Civil Code section 2924b in its favor and in favor of DDS. Forms of the Requests for Notice are attached as exhibits to the CPP Guidelines.
- 15. <u>Developer Fee</u>. HOPE's fee to provide the services in this Agreement (the "**Developer Fee**") is \$75,000 for the Property. The methodology for establishing the Developer Fee from all sources, and the basis for calculating such fee, is based on DDS's approval of such fee through the Housing Acquisition Request (HAR) process under the CPP Guidelines.
 - 16. The Leases. The parties agree as follows with respect to leasing the Property:
- 16.1 <u>Selection of the Tenant</u>. HOPE acknowledges that, despite its position as landlord under each Lease, HOPE has no right to select the master tenant. Rather, FDLRC shall have the sole right to select the initial tenant and all replacement tenants for the Property; provided, however, each master tenant must be a Service Provider vendored by FDLRC. Similarly, FDLRC shall have the sole right to cause one master tenant to assign its interest under each Lease to a new master tenant.

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- 16.2 The Lease Form; the Lease Addendum. HOPE may use any form of lease it chooses, provided that FDLRC approves such form in writing in advance. FDLRC hereby preapproves the form of Lease attached hereto as Exhibit "D". Whether HOPE uses its own form or the template attached hereto as Exhibit "D", the Lease shall include a Lease Addendum that is identical to the Lease Addendum template attached hereto as part of Exhibit "D". All references in this Agreement to the "Lease" includes the Lease Addendum. FDLRC may require changes to the form of Lease if so requested or required by DDS.
- 16.3 Specific Lease Restrictions. HOPE shall not do any of the following without first obtaining FDLRC's express written consent, which shall not be unreasonably withheld: (1) lease, sublease or license rights in any Property to any party other than the applicable Service Provider under the applicable Lease; (2) materially modify or amend any Lease (including but not limited to the amount of the rent) or terminate any Lease; or (3) unreasonably hinder a Service Provider in providing services to the Consumers residing in the Property.
- 16.4 <u>Notification of Service Provider Delinquencies</u>. As soon as HOPE becomes aware of any delinquent rent payments under a Lease, or any other monetary or non-monetary default by a Service Provider under a Lease, HOPE shall promptly notify FDLRC of such fact in writing.
- 16.5 <u>FDLRC's Reimbursement to Service Provider</u>. Subject to (1) HOPE's compliance with the terms of this Agreement and (2) the Service Provider's compliance with the terms of its service provider agreement with FDLRC for the Property (the "**Service Provider Agreement**"), FDLRC will pay the Service Provider the amounts to which the Service Provider is entitled to receive under its Service Provider Agreement, including amounts sufficient to satisfy the Debt Service (defined below).
- "Debt Service" means HOPE's total monthly repayment obligation for the Loan encumbering a Property. With respect to the Property that HOPE intends to purchase, the parties shall comply with the following procedure: (1) as soon as practicable before HOPE purchases the applicable Property, HOPE shall inform FDLRC of the expected Debt Service for such Property as of the expected commencement date of the Lease for the Property, as well as other continuing costs of Property ownership (including but not limited to property insurance, property management fees, property taxes [if applicable], and the cost of maintenance and repairs); (2) FDLRC shall then have the right, in its sole and absolute discretion, to decide whether to approve the Debt Service and such other expected costs of Property ownership (including the Reserve [defined in Section 16.9.1 below]), or any lesser sum; the amount so approved by FDLRC is the "Agreed Rent"; (3) HOPE shall have the right to approve FDLRC's determination of the Agreed Rent; and (4) if HOPE informs FDLRC in writing that HOPE does not agree with the amount of the Agreed Rent within

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10 days after FDLRC notifies HOPE of the determination of the Agreed Rent, then such Property shall not be subject to this Agreement or entitled to any CPP Funds.

16.5.2 Payment of Agreed Rent. After the parties' execution of a Property Acceptance Agreement, the Agreed Rent for a Property (1) shall become the monthly rent for such Property and (2) shall be recognized by FDLRC as a valid expense of the Service Provider as part of FDLRC's calculation of the sums which the Service Provider shall be entitled to receive from FDLRC under the Service Provider Agreement relating to such Property. Once the Residence is fully occupied, the Agreed Rent shall not be abated or adjusted based on a subsequent change in the occupancy level of the Residence at any time.

<u>No Obligation of FDLRC and DDS</u>. Nothing in this Agreement shall be construed as obligating FDLRC or DDS to pay any of the Agreed Rent to HOPE.

(a) Reduction of Agreed Rent Upon Reduction or Repayment of a Loan. Notwithstanding the provisions in Section 16.5.2, at such time(s) as the monthly installment payments for each Loan from each Lender to HOPE is reduced, or at any such time a Loan is repaid in full, the Agreed Rent for the applicable Property shall be automatically reduced by an amount equal to the Debt Service reduction (and, in such event, FDLRC's payment to the Service Provider leasing the applicable Property shall be automatically reduced by the same amount).

Property Taxes for Tax Exempt Service Provider. Notwithstanding the provisions in Section 16.5.2, if the Service Provider or any successor Service Provider is a nonprofit entity under Internal Revenue Code section 501(c)(3), then once HOPE receives the tax exemption described in Paragraph 18.2 below, the Agreed Rent under the Lease shall be reduced by an amount equal to the difference between (i) the amount of real property taxes in effect on the date HOPE acquired fee title to the applicable Property and (ii) the amount of the reduction in real property taxes as a result of obtaining the tax exemption (and, in such event, FDLRC's payment to the Service Provider leasing the Property shall be automatically reduced by the same amount). Further, if the tax exemption is retroactive, HOPE shall promptly remit to FDLRC an amount equal to any tax refund payment HOPE receives from the taxing authority. If the tax exemption is revoked, the Agreed Rent under the Lease shall be increased by a like amount (and, in such event, FDLRC's payment to the Service Provider leasing the applicable Property shall be automatically increased by the same amount).

(c) <u>Change of Agreed Rent Due to Changes in Operating, Maintenance and/or Repair Costs.</u> Notwithstanding the provisions in Section 16.5.2, at HOPE's request the parties shall meet (but not more often than every 12 months) to discuss whether to increase the Agreed Rent to the extent HOPE's net operating, maintenance and/or repair costs have 1614504.2 P-22-76

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increased during such previous 12-month period (after taking into account any additional funds HOPE has received from FDLRC, the Service Provider or any third party during such time period to compensate HOPE for any changes in such costs). As a result of such meeting, the parties may mutually agree to increase the Agreed Rent to a new fixed monthly amount to reasonably account for such net cost increases (and, in such event, FDLRC's payment to the Service Provider leasing the applicable Property shall be automatically increased by the same amount); *provided, however*, (i) FDLRC's may consent or withhold its consent to any increase in Agreed Rent at FDLRC's sole and absolute discretion and (ii) FDLRC may condition its agreement to increase the Agreed Rent on DDS's approval of such rent increase. If the rent increase causes FDLRC's overall monthly payment to the Service Provider to exceed the median rate for the home type, or the statewide median rate if no median rate exists for the home type, DDS's position is that it will not approve the rent increase.

(d) <u>Special Consideration for EBSH</u>. The Agreed Rent shall not be abated or adjusted based on the occupancy level of the Residence at any time, subject to the provisions in WIC Section 4684.81 and 17 CCR Section 59072.

16.5.3 <u>Refinancing</u>. The parties acknowledge that DDS must consent to the refinancing of the Property, and that DDS will not approve variable rate loans or loans with balloon payments. If HOPE refinances a Loan with DDS's consent, the Agreed Rent for such Property shall increase or decrease to reflect the changed amount of the Debt Service for the refinanced Loan as compared to the Debt Service for the original Loan (and, in such event, FDLRC's payment to the Service Provider leasing the applicable Property shall be automatically increased or reduced, as applicable, by the same amount).

the all of the following obligations under each Lease (at no additional cost to the Service Provider or FDLRC): (1) all expenses, costs and amounts of every kind and nature necessary or appropriate to manage the Property; (2) maintaining and repairing the Residence (including but not limited to the roof, foundation, floor slab, structural components, landscaping and its mechanical, electrical and plumbing components) in good condition, order and repair; (3) the cost of any insurance which HOPE determines to carry; (4) fees, charges and other costs, including consulting fees, legal fees and accounting fees, of all contractors engaged by HOPE or otherwise reasonably incurred by HOPE in connection with the management, renovation, improvement, maintenance and repair of the Residence; (5) wages, salaries and other compensation and benefits of all persons engaged in the management, maintenance or security of the Property, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; (6) real property taxes [if any] and assessments; and (7) to the extent applicable, the cost of annually filing the welfare tax abatement described in Paragraph 18.2 below so that it does not lapse. Notwithstanding the foregoing, the cost of any repairs or

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replacements to the Residence resulting from the negligence or intentional misconduct of a Service Provider or any Consumer shall be the responsibility of the Service Provider.

16.7 <u>Compliance with FDLRC's Instructions</u>. HOPE agrees to promptly perform all acts and sign all documents relating to each Lease as FDLRC may from time to time instruct. Thus, for example, if FDLRC decides that a Lease should be amended in a manner that will not materially increase HOPE's obligations or materially reduce its rights thereunder, or that a Lease amendment or sublease should be consented to, or that the existing Service Provider tenant should assign its rights to a new Service Provider tenant, then HOPE shall promptly take the necessary action to accomplish the same in accordance with FDLRC's instructions.

16.8 <u>Use by Service Provider</u>. Once the initial Service Provider has leased a Property, FDLRC shall be solely responsible for replacing the Service Provider during the Lease term.

16.9 The Reserve Account.

16.9.1 From each payment of Agreed Rent with respect to the Property, HOPE shall deposit a specified sum per month (the "Reserve") into a segregated account in HOPE's name (the "Reserve Account"). FDLRC shall determine the amount of the Reserve for the Property prior to the close of escrow for HOPE's purchase of such Property, and after consulting with HOPE. Once FDLRC determines the Reserve, and it is approved by DDS, the Reserve shall be set forth on the Property Acceptance Agreement attached hereto as Exhibit "B". The purpose of the Reserve is to create a fund for repairs and replacements to the capital improvements at the Property, including but not limited to following: plumbing, supply and drain lines; electrical panels and wiring; fire alarms and fire sprinklers systems, including related electrical panels; exterior siding; paint; windows (but not repair of broken windows except at the end of their useful life); doors; roof; foundation and floor slabs; structural components (including structural components of the exterior and interior and load bearing walls); concrete; fencing; interior paint; flooring; built-in appliances; major appliances such as stove, refrigerator, and oven/range; water heater; kitchen cabinets; countertops; bath cabinets; doors; HVAC; patio covers; and landscaping (but not landscape maintenance).

16.9.2 The funds in the Reserve Account shall be segregated from HOPE's operating account and other accounts. However, HOPE may hold reserves for other homes in the Reserve Account, as long as (i) HOPE maintains its Reserve Account separate from its operating account and other accounts, (ii) HOPE's books and records at all times reflect the amount of the funds in the Reserve Account applicable to the Property, (iii) DDS does not object, (iv) such homes are also occupied by FDLRC's Consumers, and (v) such homes are located in FDLRC's catchment area. However, HOPE shall not use funds in the Reserve Account designated for one Property to cover any costs of another Property.

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16.9.3 HOPE shall first exhaust all other sources of funding (e.g., insurance and product warranties) before using any of the Reserve. Further, HOPE's release and application of funds from the Reserve Account shall be subject to monitoring by FDLRC. In particular, HOPE shall notify FDLRC in writing each time HOPE intends to withdraw funds from the Reserve Account, and HOPE shall expend any of the Reserve without first obtaining FDLRC's written approval, which shall not be unreasonably withheld. Notwithstanding the foregoing, in cases of emergencies, HOPE is not required to obtain FDLRC's prior written approval, provided that HOPE obtain FDLRC's written approval within five working days after withdrawing funds from the Reserve Account, and replenishes such account if FDLRC fails to provide its approval (which shall not be unreasonably withheld).

16.9.4 Subject to the last sentence of this paragraph, at any time during the term of each Lease, at FDLRC's request and for reasonable cause, HOPE shall increase or decrease the monthly amount of the Reserve, subject to (i) both parties' review of the Property's operating income and expenses to determine if such change is justified and (ii) any lender reserve-for-replacement requirements. Notwithstanding anything herein to the contrary, once DDS has approved the amount of the Reserve, the Reserve shall not change until FDLRC submits a replacement reserve analysis to DDS and obtain DDS's approval for such change.

16.9.5 At least once per year, and more often if requested by FDLRC, HOPE shall provide a Reserve Report to FDLRC, as well as any other information requested by FDLRC, so that (i) FDLRC can timely certify to DDS that, to FDLRC's best knowledge, the interior, exterior, and any detached structures of the Property are in good working condition and properly maintained, and that there is no threat to the health, welfare, and safety of Consumers living at the Property, or staff or visitors, and (ii) FDLRC can file its annual CPP Housing Report with DDS as required by the CPP Guidelines. The Reserve Report shall (i) estimate the remaining useful life of capital improvements at the Property, both individually and collectively, (ii) estimate the amount of funds reasonably needed to timely replace such capital improvements, (iii) state the total amount in the Reserve Account applicable to the Property and (iv) list all expenditures from the Reserve Account during the prior 12 month period applicable to the Property. At FDLRC's option, an independent third party shall complete each Reserve Report. FDLRC shall ensure an updated replacement reserve analysis is completed and submitted to DDS not less than every five (5) years.

17. Property Management. At all times during HOPE's ownership of the Property, HOPE shall perform normal and customary property management duties, including but not limited to the following: (1) monitoring each Service Provider tenant under each Lease to insure the Service Provider properly complies with all of its monetary and non-monetary obligations under such Lease, and promptly report any noncompliance to FDLRC; (2) if a Service Provider vacates a Property, handling the transition between the Service Provider and the next one, including (i)

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assigning HOPE personnel or engaging a contractor to clean the Residence and prepare it for use by the next Service Provider and (ii) signing a new Lease, or consenting to a Lease assignment, for the new tenant (subject to FDLRC approval in either event); (3) insuring all insurance required by HOPE under the Lease is always in effect and in compliance with the terms of the Lease; (4) promptly notifying FDLRC in writing if any insurance required to be maintained by the Service Provider under the Lease is about to lapse; (5) periodically inspecting the Property and all improvements thereon to insure that they are always in good working order and condition; (6) engaging qualified contractors or qualified HOPE personnel to perform those repair and maintenance duties that are HOPE's responsibility; (7) promptly notifying FDLRC of any physical defects, environmental hazards or violations of law discovered at the Property; and (8) generally taking all actions appropriate to preserve the improvements on the Property and to protect its value.

17.1 At FDLRC's request, HOPE will enter into a separate Property Management Agreement with FDLRC or the Service Provider to perform such services; provided, however, if DDS requires a third party to provide property management services for the Property, HOPE shall comply with DDS's requirements.

If FDLRC determines, in its reasonable judgment, that HOPE has repeatedly failed to comply with any of the material requirements and standards of this Section, then FDLRC shall deliver notice to HOPE of its intention to cause replacement of HOPE as the property manager for the Residence, including the reasons therefor. Within fifteen (15) days after receipt by HOPE of such written notice, FDLRC staff and HOPE shall meet in good faith to consider methods for improving HOPE's compliance with the requirements of this Section. If, after a reasonable period as determined by FDLRC (but which shall not be less than sixty (60) days following the date of the initial notice described above), FDLRC determines that HOPE is not operating and managing the Residence in accordance with the material requirements and standards of this Section, then FDLRC may require replacement of HOPE as the property manager of the Residence. If, after the above procedure, FDLRC requires, in writing, the replacement of HOPE as the property manager, then, HOPE shall enter into a separate Property Management Agreement with any of the following: (1) FDLRC, (2) the Service Provider, or (3) a third-party property management company, to perform such services; provided, however such replacement property manager shall be mutually selected by HOPE and FDLRC in a commercially reasonable manner, and such replacement shall only be implemented to the extent FDLRC and HOPE mutually determine that such replacement shall not have a material adverse financial impact on the financial feasibility of the operation of the Residence by HOPE, including, but not limited to, HOPE's ability to pay all other operational costs and expenses, including, but not limited to, all indebtedness secured by the Deed of Trust. In no event shall FDLRC pursue its rights under Section or the termination section of this Agreement solely in connection with HOPE's failure to comply with this Section, unless and until FDLRC has complied with the process set forth above.

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- 18. <u>Real Property Taxes</u>. If a Service Provider is a 501(c)(3) organization, HOPE shall take all actions necessary to insure the Property it leases is exempt from real property taxes (with the understanding that such exemption will not normally apply to assessments, which shall continue to appear on the tax bill).
- 18.1 <u>Payment of Real Property Taxes</u>. If a Property is not exempt from real property taxes, HOPE shall insure all property taxes and assessments are timely paid.
- Property Tax Exemption. This Paragraph applies only if FDLRC selects a Service Provider which is a 501(c)(3) entity. If the Property is exempt (or intended to be exempt) from real property taxes, HOPE shall (a) insure all assessments are timely paid and (b) take all necessary actions within its control to insure the Property's tax exempt status is not lost, including but not limited to (1) timely filing for an Organizational Clearance Certificate (Form BOE-277) with the State Board of Equalization within 90 days after this Agreement is executed (or providing proof to FDLRC that HOPE has already received its Organizational Clearance Certificate from the SBE); (2) timely renewing such Certificate so that it never lapses during HOPE's ownership of the Property; (3) filing with the applicable County Tax Assessor a request for property tax exemption via form BOE-267 (and Form BOE 267-H, if applicable) and annually renewing such exemption once it has been obtained; and (4) insuring the non-profit Service Provider similarly timely files such forms with the State Board of Equalization and the applicable County Tax Assessor as early as possible after HOPE purchases the Property and has signed a Lease with a Service Provider (as long as FDLRC first provides the names and annual income of the Consumers who will be residing at such Residence). In no event shall HOPE file the initial form BOE-267/267-H later than the first day the first Consumer occupies the applicable Property. (Form BOE-277 is available at the following website: www.boe.ca.gov/proptaxes: Forms BOE-267 and 267-H are available at each County Assessor's office.) HOPE shall file the initial form BOE-267/267-H with the tax assessor prior to the completion of the renovations to the Residence, as long as FDLRC first provides the names and annual income of the Consumers who will be residing at the Residence.

19. Renovation Work.

19.1 <u>Development/Improvements</u>. HOPE may not make any improvements, alterations, additions or changes (collectively, the "**Improvements**") to a Property without first procuring the prior written consent of FDLRC, which consent shall be requested by HOPE prior to the commencement of the work, and which consent shall not be unreasonably withheld by FDLRC; provided, however, it shall be deemed reasonable for FDLRC to withhold its consent to any Improvements which adversely affect (i) the structural portions or the systems or equipment of the Property, (ii) the exterior appearance of the Property or (iii) the ability of FDLRC's Consumers to use the Property. Notwithstanding the foregoing, HOPE shall be permitted to make Improvements without FDLRC's prior consent, to the extent that such Improvements are (a)

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decorative only, or relate to the normal repair and maintenance of the Property (e.g., the installation of carpeting, the painting of the walls of the Property, or the basic plumbing, mechanical, HVAC and electrical work) or (b) reasonably related to the existence of an emergency to the extent necessary to maintain the value of the Property and/or the ability to safely permit the continued occupancy thereof by FDLRC's Consumers. Except to the extent permitted by the Funding Approval, FDLRC shall have no obligation to pay for the cost of any of the Improvements performed at the Property.

- 19.2 <u>Deliverables</u>. FDLRC's obligation to disburse CPP Funds relating to renovation work at a Property shall be conditioned on HOPE's delivery to FDLRC, and FDLRC's approval of, all of the following: (i) overall construction and rehabilitation budget for the Property (including a budget for the Improvements and a budget for the appliances and fixtures HOPE intends to purchase for the Property); (ii) construction drawings and specifications for the proposed Improvements; (iii) architect's contract, if applicable; (iv) structural engineer's contract, if applicable; and (v) construction contract between HOPE and its general contractor, including contractor's fixed price or time & materials bid to perform the renovation work on the Property. When the renovation work is complete, HOPE shall provide evidence that the applicable jurisdiction has issued a final Certificate of Occupancy or its equivalent for the Property.
- Manner of Construction; Terms of Construction Contract. FDLRC may impose, as a condition of its consent to any and all Improvements or repairs of a Property or about a Property, such requirements as FDLRC in its reasonable discretion may deem desirable, including, but not limited to, the requirement that HOPE utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen mutually approved by the parties. FDLRC shall have the right to review and approve the terms and conditions of the construction contract between HOPE and its general contractor for all Improvements. Further, each construction contract must contain the following provisions: (i) the contractor shall only be entitled to payments based upon performance; (ii) the contractor must provide appropriate conditional and unconditional mechanics lien releases, in accordance with standard construction industry practice, as a condition to its receipt of each installment payment and final payment and (iii) HOPE will withhold a 10 percent retention, which it shall only disburse to the contractor after the renovation work is completed, a Certificate of Occupancy (or its equivalent) is provided by the local agency (e.g., building inspector), FDLRC has completed its final walk through, and Service Provider has signed the Certificate of Acceptance attached as an exhibit to the Lease. HOPE shall also include the following statement in each construction contract between HOPE and the general contractor: "Frank D. Lanterman Regional Center is a third party beneficiary of all of HOPE's rights under this Contract."

19.4 <u>Construction Insurance</u>. Prior to the commencement of Improvements at the Property, HOPE shall provide FDLRC with evidence that adequate liability insurance from the

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contractor and adequate casualty insurance (such as "Builder's All Risk" insurance or another form of casualty insurance reasonably acceptable to FDLRC) is obtained/maintained in an amount approved by FDLRC (which shall in no event be less than the amount actually carried by HOPE) covering the construction of such Improvements, it being understood and agreed that all of such Improvements shall be adequately insured by HOPE immediately upon completion thereof.

- 19.5 <u>Compliance With Laws</u>. HOPE shall cause all Improvements and repairs to be performed in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the city or county in which the applicable Property is located, all in conformance with any commercially reasonable construction rules and regulations FDLRC may promulgate from time to time.
- 19.6 Payment and Performance Bond; Alternative Performance Assurances. FDLRC's disbursement of CPP Funds for the Improvements shall be conditioned on HOPE's delivery to FDLRC of a Payment and Performance Bond from HOPE's contractor in favor of HOPE, in an amount equal to 100% of the expected costs of construction; provided, however, if prior to the commencement of any work, HOPE agrees to comply with all four of the "alternative performance assurances" described in Section IV(L) of the CPP Guidelines (including HOPE's engagement of a professional construction manager, reasonably approved by FDLRC, to oversee the renovation work) and (ii) FDLRC so consents, then FDLRC shall request DDS to waive the Payment and Performance Bond requirement. Nothing herein shall be construed to obligate DDS to waive the bond requirement.
- 19.7 <u>Timely Development</u>. HOPE is responsible and accountable for timely developing the Property so that it can be occupied by Consumers pursuant to the terms of, and by the deadlines contained within, the CPP Guidelines. FDLRC shall be responsible for timely identifying and selecting the Service Provider as well as the Consumers for the Property, so that by the time the renovation work is completed, the Service Provider is prepared to occupy the Property and provide residential care services to Consumers.
- 19.8 <u>Disbursements</u>; <u>Procedures</u>. FDLRC shall disburse CPP Funds for renovation work to HOPE for the Property in accordance with the procedures in Section 20 below.
- 19.9 <u>Monitoring of Plans and Work</u>. FDLRC shall regularly monitor the project, including but not limited to HOPE's preparation of the plans and the contractor's performance of the renovation work, to ensure satisfactory progress under Section X of the CPP Guidelines. HOPE shall promptly respond to all inquiries, and cooperate, coordinate, and otherwise comply with FDLRC's requests.

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- 19.10 <u>Monthly and Quarterly Updates</u>. On a monthly basis during the installation of the Improvements, and at all times upon FDLRC's request, HOPE shall provide FDLRC with an update as to the progress of its work. FDLRC shall report progress of each project to DDS on a quarterly basis.
- 19.11 HOPE's Delivery of Proof of Expenditures; HOPE's Return of Unused Funds. Upon HOPE's completion of the Improvements at a Property, HOPE shall provide to FDLRC invoices and other evidences of HOPE's costs for such work, including evidence of payment to third parties, and HOPE hereby authorizes FDLRC to audit HOPE's books and records for such purpose. To the extent HOPE receives funds before it incurs renovation costs, it is possible that funds disbursed by FDLRC may exceed the total amount of funds necessary to complete the renovation work. If that occurs, HOPE shall promptly return the excess funds to FDLRC.
- 19.12 <u>FDLRC's Option to Deliver CPP Funds to Third Parties</u>. If a third party has recorded a lien or threatened to record a lien against a Property as a result of nonpayment for their services, equipment or materials, or if FDLRC otherwise reasonably believes that HOPE may be in breach of contract with any third party, then FDLRC may elect to disburse certain CPP Funds directly to such third parties for HOPE's benefit, rather than to HOPE directly.
- 19.13 <u>Purchased Furniture, Fixtures and Equipment</u>. Any item of furniture, trade fixture, equipment or other personalty costing over \$2,000 that HOPE purchases with funds supplied under this Agreement, and which has a useful life in excess of two years, shall be the property of the State of California. Upon termination of this Agreement for any reason, such items are subject to reclamation by the State.
- 19.14 Special Provisions Applicable to Enhanced Behavioral Supports Homes. HOPE shall ensure (i) the Residence has an operable automatic fire sprinkler system, approved by the State Fire Marshal or local fire department, that complies with the provisions in 17 CCR 59051(c) and (d) (Enhanced Behavioral Support Homes General Requirements); and (ii) a private bedroom is provided for each Consumer.
- 19.15 <u>Additional Requirements and Agreements</u>. FDLRC reserves the right to require HOPE to enter into further agreements with FDLRC to address the costs and procedures relating to HOPE's renovation of the Residence.
- 20. <u>Disbursements of Renovation Funds; Milestones</u>. FDLRC shall disburse renovation funds to HOPE for the Property in installments, as milestones are satisfied, as provided below, but never more than the Maximum Renovation Amount per Property. FDLRC shall remit each payment to HOPE within 10 business days after FDLRC receives a properly documented invoice from HOPE, along with all applicable backup documentation as described in Sections 20.1

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to 20.5 below, that has been approved by FDLRC's Chief Financial Officer. Any funds disbursed by FDLRC in advance shall be subject to true up once HOPE has incurred such expenses.

- 20.1 <u>First Milestone</u>: HOPE's submission of documentation reasonably acceptable to FDLRC that HOPE has closed escrow on a Property and is the owner of fee title to the Property.
- 20.1.1 <u>Amount of Funds Payable to HOPE upon its Completion of First Milestone</u>: Twenty-Five Percent (25%) of the Maximum Renovation Amount.
- 20.2 <u>Second Milestone</u>: HOPE's submittal to FDLRC, and FDLRC's approval, of all of the following for a Property: (i) overall construction and rehabilitation budget (including a budget for the Improvements and a budget for the appliances and fixtures HOPE intends to purchase for the Property); (ii) construction drawings and specifications for the proposed Improvements; (iii) architect's contract, if applicable; (iv) structural engineer's contract, if applicable; and (v) construction contract between HOPE and its general contractor, including contractor's fixed price or time & materials bid to perform its work and install the Improvements.
- 20.2.1 <u>Amount of Funds Payable to HOPE upon its Completion of Second Milestone</u>: Twenty-Five Percent (25%) of the Maximum Renovation Amount.
- 20.3 <u>Third Milestone</u>: HOPE's written certification to FDLRC that the city or county inspector has approved the rough framing, electrical and plumbing work at the Property, along with HOPE's delivery to FDLRC of evidence of such approval (such as a signed inspection card from the inspector) (collectively, the "**Inspector's Approval**"), or FDLRC's receipt and approval of any alternate written certification from HOPE that FDLRC concludes is functionally equivalent to the Inspector's Approval.
- 20.3.1 <u>Amount of Funds Payable to HOPE upon its Completion of Third Milestone</u>: Thirty Percent (30 %) of the Maximum Renovation Amount.
- 20.4 <u>Fourth Milestone</u>: FDLRC's satisfaction that all of the Improvements have been properly completed and that the applicable Property is physically ready for occupancy by Consumers, after FDLRC's completion of a walk-through of the Property. Further, as provided in Section 19.3, the contractor must provide appropriate conditional and unconditional mechanics lien releases, in accordance with standard construction industry practice, as a condition to FDLRC's completion of this milestone. FDLRC's execution of the Certificate of Acceptance attached as Exhibit C to the Lease shall constitute HOPE's satisfaction of this milestone.
- 20.4.1 <u>Amount of Funds Payable to HOPE upon its Completion of Fourth Milestone</u>: Twenty Percent (20%) of the Maximum Renovation Amount.

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- 20.5 <u>Deadlines to Expend Funds</u>. Notwithstanding anything in this Agreement to the contrary, the deadline for FDLRC to disburse renovations funds to HOPE is **March 31**, **2024**, and HOPE must therefore complete all renovations prior to such date. All of FDLRC's disbursements are conditioned upon HOPE's compliance with the project milestones for the Property by such deadline; provided, however, the deadline for HOPE to satisfy the Second Milestone for the Property shall be the earlier of the above deadline date or the 90th day after HOPE purchases the applicable Property.
- Management and Maintenance. HOPE shall, at HOPE's sole cost and expense (except as otherwise provided below), keep the Property (including, without limitation, the exterior walls, foundation, roof structure and membrane, and all improvements, fixtures, equipment, appliances, water lines, plumbing, plumbing fixtures, electrical, heating and air conditioning systems and furnishings therein), in good order, repair and condition at all times during the term of this Agreement. HOPE shall maintain the Property in an aesthetically pleasing manner, and in a manner consistent with that which could be considered normal and customary for private residences (i.e., at a minimum, in material conformance with the standards of landscaping and appearance observed in the surrounding neighborhood). All such above-referenced items shall function at the Property for their intended purpose. In addition, HOPE shall, at HOPE's sole cost and expense, promptly and adequately repair all damage to the Property and replace or repair all damaged, broken, or worn fixtures and appurtenances, including any damage caused by ordinary wear and tear; provided however, that, at FDLRC's option, or if HOPE fails to make such repairs, FDLRC may, but need not, make such repairs and replacements, and HOPE shall pay FDLRC the cost thereof. The Property shall be subject to periodic inspections by FDLRC. Notwithstanding the foregoing, to the extent HOPE and FDLRC agree that some or all of HOPE's obligations hereunder are to be performed by a third-party entity or individual (such as pursuant to a management agreement), HOPE shall be responsible for ensuring that any such third-party contractor shall comply with the requirements imposed on HOPE pursuant to the terms of this Agreement, and in any event HOPE shall continue to remain ultimately responsible to FDLRC for the performance of all of the obligations set forth in this Agreement.
- 22. <u>Covenant Against Mechanic's Liens</u>. HOPE shall keep the Property free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of HOPE, and shall protect, defend, indemnify and hold FDLRC harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. HOPE shall remove any such lien or encumbrance by bond or otherwise within ten business days after notice by FDLRC, and if HOPE shall fail to do so, FDLRC may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof, and HOPE shall promptly reimburse FDLRC for any such payments made on behalf of HOPE.

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23. Payments to HOPE Generally.

- 23.1 <u>Sole Compensation</u>. Unless FDLRC otherwise agrees in writing, HOPE agrees that its sole compensation for the services it will provide under this Agreement will be the CPP Funds resulting from DDS's Funding Approval; HOPE shall not receive any additional compensation for the services provided hereunder and the obligations it has agreed to accept under this Agreement. Further, FDLRC makes no representation or warranty, express or implied, whether DDS will issue a Funding Approval for FDLRC's housing proposal.
- 23.2 <u>E-Billing</u>. HOPE shall use electronic billing under DDS's Regional Center e-Billing System Web application for all of HOPE's invoices to FDLRC under this Agreement.
- 23.3 <u>General Funding Requirements and Limitations</u>. HOPE shall not bill Consumers or any other funding source for services funded under the terms of this Agreement. HOPE understands and agrees that upon completion or termination of this Agreement, FDLRC funding for a subsequent agreement or period, if any, is not guaranteed, and that the decision for such funding is within the discretion of FDLRC.
- 24. <u>Assignment</u>. HOPE shall not assign, transfer or subcontract any of its rights, burdens, duties or obligations under this Agreement without prior written permission of FDLRC, which may be withheld in its sole and arbitrary discretion. If FDLRC consents to an assignment, the assignee shall execute an instrument prepared by FDLRC in which the assignee assumes and agrees to be bound by all of the terms and conditions under this Agreement for the express benefit of FDLRC. The transfer of control of the ownership of HOPE to any third party shall constitute an assignment which requires FDLRC's consent hereunder.
- 25. <u>Independent Contractor</u>. HOPE and its agents and employees, in the performance of this Agreement, shall act at all times in an independent capacity. HOPE and its agents and employees are not officers, employees or agents of FDLRC. HOPE acknowledges that it will not accrue any employee benefits from FDLRC nor will FDLRC be responsible for withholding or paying any amount of workers' compensation, disability insurance or any tax of any kind for HOPE. HOPE is free to act as an independent contractor for others. HOPE is not an agent for FDLRC, and HOPE shall not have the authority to execute any agreement on behalf of FDLRC to incur any liability or indebtedness of any kind or nature in the name of or on behalf of FDLRC, or to otherwise contractually bind FDLRC in any manner.
- 26. <u>Insurance</u>. HOPE agrees to purchase and maintain, throughout the term of this Agreement, (i) worker's compensation insurance in the amount required by California law, (ii) automobile liability insurance, (iii) property & casualty insurance for the Property upon acquisition thereof, equal to the replacement value of the improvements on the Property, with DDS named as loss payee, and (iv) and such other coverage that shall be reasonably requested from time to time

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by FDLRC. In addition, HOPE agrees to purchase and maintain commercial and general liability insurance in the amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate per Property, during the period of this Agreement; provided, however, FDLRC reserves the right to increase the liability limit under such insurance policy on not more than once during any three year period during the term of this Agreement, based on advice by its insurance broker(s). The commercial general liability insurance shall include endorsements for premises and operations liability and for broad form contractual liability. Insurers who are admitted to do business in the State of California and rated A- and X or higher in the most recent edition of Best Insurance Guide shall issue all insurance policies. All insurance policies (other than the workers' compensation policy) shall be endorsed to name "Frank D. Lanterman Regional Center" and "State of California Department of Developmental Services" as additional insureds during the term of this Agreement, and HOPE shall provide to FDLRC a true and correct copy of the Named Additional Insured Endorsements on the Effective Date, listing the specific name of the project and the Property address. Each policy of insurance providing coverage required hereunder shall provide that it may not be cancelled or materially modified unless FDLRC is provided at least 30 days' prior written notice thereof. HOPE shall also provide to FDLRC a Certificate of Insurance annually, which certifies the existence of the insurance required under this Agreement. To the extent these provisions are not the same as the provisions in the Lease (or Restrictive Covenant, if applicable) regarding insurance, HOPE shall comply with those provisions that most broadly protect FDLRC.

- HOPE's Indemnification of FDLRC. HOPE shall indemnify, defend, and hold 27. harmless FDLRC and its representatives, officers, directors, agents, consultants and employees and their respective successors and assigns, including but not limited to the State of California and its agents and employees (collectively referred to as the "Indemnified Parties"), from any and all losses, costs, expenses, (including but not limited to reasonable attorney's fees), liabilities, claims, court costs, demands, debts, causes of action, fines, judgments and penalties which arise from or relate to (a) death or injury to people or damage to property in connection with the negligent or willful acts, errors or omissions of HOPE or its employees, agents, consultants or anyone employed by HOPE to act on its behalf, (b) claims under workers' compensation laws or other employee benefit laws by HOPE's agents or employees, (c) HOPE's failure to fulfill its obligations under this Agreement (including the documents incorporated by reference herein) in strict accordance with its terms, including HOPE's breach of any representations or covenants given in this Agreement or (d) violation of any local, state, or federal law, regulation or code by HOPE or by any of HOPE's employees, agents, consultants or subcontractors in connection with the conduct of their activities performed in connection with this Agreement.
- Assumption of Defense. HOPE will assume the defense, at its sole expense, and with legal counsel acceptable to FDLRC, of any claims or litigation as to which it has an indemnification obligation hereunder; FDLRC shall cooperate with HOPE and its counsel in the defense of any such claims, provided, however, that any costs or expenses associated with such

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cooperation shall be reimbursed by HOPE. If HOPE fails to assume the defense of any claim or litigation as to which it has or is determined to have had the obligation to indemnify, the Indemnified Parties will have the right to assume their own defense, and HOPE will be obligated to reimburse the Indemnified Parties for any and all reasonable expenses (including, but not limited to attorney's fees) incurred in defense of such claims or litigation, in addition to HOPE' other indemnity obligations thereunder. HOPE shall control the defense and settlement of any claim; provided, however, if HOPE fails to promptly assume the defense of any claim or litigation as to which it has or is determined to have had the obligation to indemnify, FDLRC shall have such control.

27.2 <u>Survival of Provisions</u>. The indemnity set forth in this Section shall apply during the term of this Agreement and shall also survive the expiration or termination of this Agreement, until such time as action against all of the Indemnified Parties on account of any matter covered by such indemnity is barred by the applicable statute of limitations.

28. Breach; Remedies.

- 28.1 If a party (the "Complainant") asserts that a violation of the provisions of this Agreement has occurred, it shall so inform the other party (the "Breaching Party") in writing, stating the nature of such violation in detail (the "Notice of Default") and giving the Breaching Party 30 days from receipt of such notice to cure such breach or failure. If the Breaching Party does not then cure the default within such 30-day period (or, if the default is not susceptible of cure within such 30-day period, the Breaching Party fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the Complainant shall be entitled to terminate this Agreement (as provided below) as well as pursue any other rights afforded it in law or in equity (subject to the provisions below).
- 28.2 If the Complainant is FDLRC, then FDLRC may (1) withhold all or part of the unremitted CPP Funds it may owe to HOPE under this Agreement or under any other agreement between FDLRC and HOPE, until satisfactory corrective measures are taken by HOPE; (2) perform the task itself and at HOPE's expense and/or (3) terminate this Agreement without further notice if HOPE fails to timely cure the violation described in the Notice of Default.
- 28.3 If the Complainant is HOPE, then HOPE may terminate this Agreement if FDLRC fails to timely cure the violation described in the Notice of Default, and obtain recovery of its actual damages as its sole and exclusive remedy, subject to the limitations in Section 32 below.
- 28.4 If (i) HOPE fails to perform its obligations to timely renovate a Property, or (ii) after a Property is renovated HOPE ceases to use the Property for occupancy by Consumers (other than as the result of a temporary cessation of use of the housing by Consumers due to

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casualty, or condemnation or lack of Consumer referrals from FDLRC), then in addition to all of the other remedies available to FDLRC hereunder or otherwise available at law or in equity, FDLRC shall have the right to require immediate repayment of all CPP Funds which FDLRC had previously disbursed to HOPE relating to such Property. In such event, HOPE shall repay all such funds to FDLRC within 30 days following its receipt of a demand therefor from FDLRC.

- 28.5 Notwithstanding any provisions in this Section 29 to the contrary, if FDLRC has clear and convincing evidence of misconduct by HOPE or its agents or employees that results in imminent danger to the health or safety of any Consumer, FDLRC shall have the right and option to declare that HOPE has committed a non-curable default. Circumstances which may constitute imminent danger to consumer health and safety include, but are not limited to: physical, emotional, or mental abuse, sexual misconduct, client abandonment or neglect, theft of a Consumer's money or property, violation of a Consumer's rights under the law, placing Consumers in physical danger, or any other circumstance that may bring potential physical or emotional harm to the Consumer. If any of the foregoing occur, FDLRC may terminate this Agreement with 5 days written notice to HOPE.
- 28.6 A default by HOPE under this Agreement shall, at FDLRC's option, constitute a default by HOPE under any other agreement between the parties, and a default by HOPE under any other agreement between the parties shall, at FDLRC's option, constitute a default by HOPE under this Agreement.
- 29. Consequences of Termination. Upon the termination of this Agreement as a result of HOPE's breach, HOPE shall, immediately on request of FDLRC, do all of the following: (1) execute and notarize grant deeds to convey its fee ownership in the Property to one or more nonprofit organizations selected by FDLRC (collectively, the "New Owner"); (2) execute Lease Assignment Agreements (on a form provided by FDLRC) to convey all of its rights and obligations as landlord under each Lease to the New Owner; (3) execute all documents required by each Lender to allow for assumption of each Loan by each New Owner, if possible; and (4) execute all other documents and perform all other acts reasonably requested by FDLRC to insure a smooth transition of all of HOPE's rights and responsibilities under this Agreement, each Lease and each Loan to each New Owner.
- 30. <u>Specific Performance</u>. The parties acknowledge that a breach of this Agreement by HOPE will result in significant damages to FDLRC, which are impossible or extremely difficult to determine, and that monetary damages would be an inadequate remedy for such breach. Further, HOPE's failure to comply with these provisions could jeopardize the health and safety of FDLRC's Consumers. As such, the parties agree that FDLRC has the right to specifically enforce HOPE's obligations under this Agreement. Thus, FDLRC may obtain a temporary restraining order, preliminary injunctive relief and permanent injunctive relief to require HOPE to perform its

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obligations to FDLRC, including but not limited to its obligation to execute all documents and perform all acts reasonably requested by FDLRC to convey fee ownership of the Property to the New Owner(s).

31. <u>Limitation on FDLRC's Liability</u>. Notwithstanding any provision to the contrary contained in this Agreement, FDLRC's liability hereunder shall be limited to an amount equal to the lesser of \$250,000 or the aggregate dollar value of all CPP Funds then previously received by HOPE under the terms of this Agreement. In addition, and again notwithstanding any provision to the contrary contained in this Agreement, in no event shall FDLRC or any of its partners, subpartners or any of their respective officers, agents, servants, employees, and independent contractors be liable under any circumstances for injury or damage to, or interference with, HOPE's business, including but not limited to, consequential damages, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

32. HOPE's Books, Records and Other Information; Audits.

- 32.1 HOPE's Delivery of Documents and Information. Upon FDLRC's request, HOPE shall promptly deliver to FDLRC all information and documents relating to HOPE and/or the Property that FDLRC so requests, including but not limited to HOPE's organizational documents, IRS approval of HOPE's 501(c)(3) status, a current Certificate of Good Standing from the California Secretary of State, a list of current officers and board members, applicable corporate resolutions authorizing the signatory(ies) of this Agreement to sign this Agreement and other contracts relating to the Property, employee resumes and background experience, certifications, budgets, financial statements, construction cost audit, and other information relating to the Property that HOPE is considering acquiring or has acquired. Although FDLRC must obtain such information and documents to comply with the CPP Guidelines, HOPE shall provide such information and documents to FDLRC for the Property on request.
- 32.2 <u>Maintenance of Books and Records</u>. HOPE agrees to maintain and preserve, until three years after the service has been performed, any pertinent books, documents, papers, and records relative to this Agreement. HOPE agrees to maintain audited financial records in accordance with generally accepted accounting principles, consistently applied.
- 32.3 Record Inspection and Audit. FDLRC shall have the right to review and inspect all of HOPE's records regarding services provided under this Agreement, in accordance with the provisions in California Code of Regulations (Title 17, Part II, Chapter 1, subchapter 6 and subchapter 18). An audit of HOPE's records pertaining to this Agreement may be made by FDLRC or any other third party authorized to conduct such an audit, for a period of three years after the termination of this Agreement. All audits will be conducted according to Title 17 regulations. HOPE will be informed of the audit in writing and will be given a written report on REV: 06/2022

the results of the audit once it is completed. HOPE has the right to appeal any findings resulting from an audit. The specific appeal procedure will be communicated to HOPE at the time the audit is announced.

- 32.4 <u>HOPE's Reviews and Audits</u>. This Section 33.4 shall only apply if all payments HOPE cumulatively receives from FDLRC and other regional centers during HOPE' fiscal year (as determined on the commencement date of this Agreement) equals or exceeds the threshold amount noted in Welfare and Institutions Code Section 4652.5.
- 32.4.1 HOPE shall, at FDLRC's request and at HOPE's cost, cause an independent Certified Public Accountant to annually provide (1) an independent audit of HOPE's financial statements (or, if HOPE qualifies based on the terms in the statute, an independent review report in lieu of an audit); and (2) a copy of either the annual audit results (the "Audit Report") or the review results (the "Review Report") to FDLRC.
- 32.4.2 If HOPE engages an independent Certified Public Accountant to review (but not audit) HOPE' financial statements, (i) the review shall, at minimum, comply with the provisions set forth in Welfare and Institutions Code Section 4652.5(e) and (ii) the Review Report shall, at minimum, comply with the provisions set forth in Welfare and Institutions Code Section 4652.5(f).
- 32.4.3 HOPE shall commence the independent audit or review within 120 days after the end of HOPE' fiscal year. HOPE shall complete the audit or review within nine months after the end of HOPE's fiscal year.
- 32.4.4 In accordance with Welfare and Institutions Code Section 4652.5(b), HOPE shall provide copies of the independent Audit Report or Review Report to FDLRC within 30 days after completion of the audit or review.
- 32.4.5 If FDLRC believes that any issues identified in the Audit Report or Review Report have an impact on services HOPE provides to FDLRC's Consumers, FDLRC will so notify HOPE and provide HOPE with 30 days to resolve such issues. HOPE's failure to resolve such issues to FDLRC's reasonable satisfaction within such 30-day period shall constitute a material breach of this Agreement. As a result of such uncured breach, FDLRC may, among its other remedies, terminate this Agreement.
- 33. <u>The Funding Contingency</u>. Notwithstanding anything in this Agreement to the contrary, FDLRC's obligation to remit funds to HOPE under this Agreement or to any Service Provider under any Service Provider Agreement is conditioned on FDLRC's receipt of adequate funds from DDS to pay for such costs (the "**Funding Contingency**"). The Funding Contingency is a part of this Agreement because FDLRC's annual funding agreement with DDS provides that

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such funding agreement is subject to the appropriation of funds by the Legislature, and that if such funds are not appropriated for any fiscal year into which such funding agreement extends, the funding agreement is of no force and effect. FDLRC shall therefore have the right and option to terminate this Agreement on 60 days' notice to HOPE, without liability, and such termination shall be deemed a failure of the Funding Contingency, if (1) DDS for any reason fails to deliver funds to FDLRC necessary to retain HOPE' services hereunder or a Service Provider's services at a Property or (2) FDLRC receives funds from DDS for HOPE under this Agreement or a Service Provider's services at a Property but FDLRC determines that such funds are inadequate to pay for all of the vendor services and other expenses which FDLRC expects to incur in such fiscal year relating to such Property. If there is a failure of the Funding Contingency, then (1) FDLRC shall have no liability to pay funds to HOPE under this Agreement or any Service Provider under any Service Provider Agreement (other than funds for services previously validly performed by HOPE under this Agreement or to the Service Provider and for which FDLRC has received DDS funding) or to furnish any other consideration under this Agreement and (2) neither party shall be obligated to further perform any provisions of this Agreement (other than those obligations intended to survive termination of this Agreement). In the event FDLRC exercises the Funding Contingency, FDLRC and DDS agree to use best efforts to negotiate a workout for the impacted Property.

- 34. <u>No Discrimination</u>. Neither party shall deny this Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, sexual orientation, age, physical or mental disability, nor shall any either party discriminate unlawfully against any employee or applicant for employment. HOPE shall also comply with the provisions of the California Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder, and the provisions of Government Code Sections 11135-11139.5.
- 35. <u>HIPAA Compliance</u>. Under this Agreement, "**HIPAA**" means the federal Health Insurance Portability and Accountability Act (Pub. L. No. 104-191), the HIPAA regulations as set forth in 45 C.F.R. Parts 160 and 164 (aka the HIPAA Privacy Rule), and regulations on Standards for Privacy of Individually Identifiable Health Information. All parties shall at all times remain in compliance with the mandatory provisions of HIPAA, including but not limited to the HIPAA Privacy Rule. If, in performing its duties under this Agreement, Contractor has access to "protected health information," including but not limited to "individually identifiable health information," Contractor shall be considered a "Business Associate" as those terms are defined in HIPAA. If FDLRC determines that Contractor is a Business Associate, then immediately on request, Contractor shall execute FDLRC's form of Business Associate Agreement.
- 36. <u>Copyrights And Patents</u>. To the extent any of HOPE's activities result in the invention or development of copyrightable materials, the State of California has the right to freely manufacture, reproduce, publish, use and/or distribute all inventions and copyrightable materials which were developed by or for HOPE using funds provided by the State of California. To the

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extent applicable, Section 14 of Article I of the Regional Center Master Contract between FDLRC and the State of California is incorporated herein by this reference.

- 37. <u>Cooperation; Adequate Staffing</u>. HOPE shall meet as often as FDLRC determines necessary and shall work collaboratively with any FDLRC staff regarding the acquisition, renovation and maintenance of the Property. HOPE agrees to supply staff sufficient in numbers to satisfactorily carry out the terms of this Agreement.
- 38. <u>Compliance with Law.</u> HOPE shall at all times comply with all local, California and Federal statutes, laws, and regulations applicable to HOPE, and shall render services in accordance with the applicable provisions of all laws (including but not limited to Welfare and Institutions Code, Division 4.5, Services for the Developmentally Disabled [Lanterman Developmental Disabilities Services Act], and Calif. Code of Regs. Title 17, Division 2, Health and Welfare Agency [Department of Developmental Services]). Any provisions of this Agreement that conflict with any law is hereby amended to conform to the provisions of those statutes and regulations. Such amendments to the Agreement shall be effective on the effective date of the statute or regulations necessitating it, and shall be binding on the parties even though such amendment may not have been reduced to writing or expressly agreed to by the parties. No provision of this Agreement shall not be construed to excuse compliance with all applicable laws.
- 39. <u>Permits and Licenses</u>. HOPE and its employees and agents shall secure and maintain throughout the term of this Agreement, any and all valid permits and licenses as required by law for the execution of the services described in this Agreement.
- 40. Zero Tolerance Policy For Consumer Abuse And Neglect. HOPE shall ensure all of its employees are fully informed upon hire, and annually thereafter, about FDLRC's Policy Regarding Client Abuse, pursuant to the Elder Abuse and Dependent Adult Civil Protection Act (California WIC section 15600-15675), and Child Abuse and Neglect Reporting Act (California Penal Code sections 11164-11174.3). Such policy is posted on FDLRC's website at:http://lanterman.org/uploads/transparency/Documents%20Channel/Policies/Policy Regarding Client Abuse (Zero Tolerance Policy) Board Approved 9 25 13.pdf. Any HOPE employee or agent who fails to report Consumer abuse or neglect may be subject to penalties defined in law (WIC, section 15630(h)). In addition, upon becoming aware of a reportable incident or allegation of abuse or neglect of a Consumer, HOPE shall take immediate action to protect the health and safety of the involved Consumer and all other Consumers. HOPE shall ensure its staff has knowledge of the signs of Consumer abuse and neglect, the process for reporting suspected abuse or neglect, and the consequences of failing to follow the law or adhere to FDLRC's Zero Tolerance Policy. HOPE's failure to comply with the policy and the abuse/neglect reporting laws is considered a material breach of this Agreement.

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- 41. <u>Drug-Free Workplace</u>. During the term of this Agreement, HOPE shall maintain and enforce a drug-free workplace policy. Neither HOPE nor its employees shall unlawfully manufacture, distribute, dispense, possess or use "controlled substances" (as defined in 21 U.S.C. Section 812), at any of HOPE's facilities or work sites. Violation of this provision shall constitute a material breach of this Agreement.
- 42. Attorney's Fees. If any action or proceeding at law is commenced to enforce any provisions or rights under this Agreement, the unsuccessful party to such action or proceeding as determined by the court in a final judgment or decree, shall pay the attorneys' fees and costs of the prevailing party (including, without limitation, such costs, expenses and fees on any appeal), and if such prevailing party shall recover judgment if any such action or proceeding, such costs, expenses and attorney's fees shall be included as part of such judgment.
- 43. <u>Severability</u>. If any provision of the Agreement is held to be inoperative, unenforceable or otherwise invalid, the remaining provisions hereof shall remain in full force and effect.
- 44. <u>Integration</u>. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein, and it supersedes all prior agreements, contracts, representations and understandings of the parties, either oral or written, relating to the subject matter of this Agreement, including any other housing agreements to the extent they concern housing intended to be paid for in full or part with DDS community placement plan funds. In addition to the foregoing, the parties may enter into start-up contracts and other agreements in the future relating to matters covered by this Agreement; in such event, (1) such contracts and agreements shall remain subject to the terms of this Agreement and (2) if any inconsistency exists between such contracts and agreements and this Agreement, the terms of this Agreement shall govern.
- 45. <u>Amendment</u>. No supplement, modification, understanding, verbal agreement, or amendment of this Agreement shall be binding unless executed in writing by FDLRC and HOPE.
- 46. <u>No Waiver</u>. No waiver by FDLRC of HOPE's breach of any provision of this Agreement shall constitute a waiver by FDLRC in the future of the same or any other subsequent breach by HOPE. FDLRC's failure to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. No custom or practice that may develop among the parties in the course of administering this Agreement shall be construed to waive any party's right to insist upon the strict performance by the other party of any obligation in the Agreement. The remedies herein reserved shall be cumulative and in addition to any other remedies in law or equity.

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47. Address for Notices. Any notices required or permitted under this Agreement shall be in writing and shall be sufficiently given if either delivered in person or mailed by a nationally recognized overnight mail carrier or certified or registered mail, postage prepaid, to the parties at such address as each of them, by notice to the other, may designate from time-to-time, as well as delivered by email. Any written document will be deemed delivered either (a) on the day of the delivery in person, (b) the next business day if delivered by overnight carrier or (c) two business days after the mailing of such document by certified or registered mail. All notices shall be addressed as follows:

To FDLRC:

Frank D. Lanterman Regional Center (FDLRC)

Attn: Ms. Kaye Quintero Associate Director, Administrative Services 3303 Wilshire Boulevard, Suite 700 Los Angeles, CA 90010-1710

AND

Kquintero@lanterman.org

To HOPE:

Home Ownership for Personal Empowerment (HOPE)
Attn. Mr. Kristin Martin
Executive Director
21231 Hawthorne Blvd.

AND

Torrance, CA 90503

Kristin.Martin@hope-home.org

or to such other address as either party may designate to each other in accordance with the provisions of this section.

48. Further Assurances. The parties acknowledge that this Agreement reflects a new housing model for Consumers in California, and it is therefore not possible to precisely identify all matters that should be addressed by this Agreement. As such, HOPE agrees to enter into amendments to this Agreement which do not materially increase HOPE's obligations hereunder at the request of FDLRC from time to time, to further reflect and refine the parties' rights and obligations. HOPE shall also take all actions and execute all documents necessary or appropriate to perform its obligations hereunder. Similarly, FDLRC agrees to support the continued viability of HOPE's operation of the Property, including discussing with DDS the feasibility of modifying HOPE's obligations if the strict application of the CPP Guidelines prevents HOPE from fully satisfying its duties under this Agreement. However, HOPE understands that FDLRC does not have the authority to unilaterally modify the CPP Guidelines, the Restrictive Covenant, the DDS Note or the DDS Deed of Trust.

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- 49. No Liability by State of California. Any and all funding from the State of California (the "State") used by FDLRC in the performance of its obligations under this Agreement is subject to appropriation in the annual California State Budget Act by the State Legislature. Thus, (1) this Agreement as well as all contracts between FDLRC and its Service Provider are subject to termination without further liability if funding is not appropriated for these purposes by the State Legislature; (2) FDLRC does not act as an agent of the State; (3) FDLRC does have the authority to commit State funding under this Agreement unless funds are appropriated to it by the State Legislature, either in the State Budget Act or otherwise; and (4) the State is not a party to this Agreement and provides no assurances or commitments as to the availability of State funding during any portion of the term of this Agreement or any Lease.
- 50. <u>Contingency</u>; <u>DDS Approval</u>. The validity of this Agreement is conditioned on DDS's approval of HOPE as an entity qualified to acquire and renovate an EBSH within FDLRC's catchment area under the CPP Guidelines. As part of such approval, DDS may require HOPE to establish that it is financially capable to own and maintain a property suitable for those Consumers that FDLRC intends to refer for occupancy.
- 51. <u>Time of the Essence</u>. Time is the essence with respect to the obligations under this Agreement.
- 52. <u>California Law; Venue</u>. This Agreement will be construed and enforced in accordance with the laws of the State of California. The venue for any action filed to enforce or interpret this Agreement shall be in Los Angeles, California.
- 53. <u>Counterparts; Delivery</u>. This Agreement may be executed in counterparts, each which shall be deemed an original and all of which shall constitute a single instrument. Signed copies of this Agreement delivered by facsimile or electronically in PDF (or similar format) shall be deemed the same as originals.

Executed in Los Angeles, California as of the date first written above.

HOME OWNERSHIP FOR PERSONAL EMPOWERMENT (HOME),

a California nonprofit corporation

LOS ANGELES COUNTY
DEVELOPMENTAL SERVICES
FOUNDATION, a California nonprofit
public benefit corporation dba Frank D.
Lanterman Regional Center

By	
Kristin	Martin, Executive Director

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By:		
Name:	Melinda Sullivan	
Title:	Executive Director	

Exhibits to Housing Agreement

Exhibit A – Available CPP Acquisition and Renovation Funds

Exhibit B – Property Acceptance Agreement

Exhibit C – FDLRC Commitment Letter

Exhibit D – Lease and Lease Addendum

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EXHIBIT "A" TO CPP HOUSING AGREEMENT (FY 2021-22)

AVAILABLE CPP ACQUISITION AND RENOVATION FUNDS

Project ID	Development Type	Maximum Acquisition Amount	Maximum Renovation Amount
FDLRC-2122-4	EBSH – 4 bed	\$350,000	\$450,000

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EXHIBIT "B" TO CPP HOUSING AGREEMENT (FY 2021-22)

FORM OF PROPERTY ACCEPTANCE AGREEMENT

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PROPERTY ACCEPTANCE AGREEMENT (address of property) This Property Acceptance Agreement, dated for reference purposes as of is entered into by and between HOPE, a California nonprofit corporation ("HOPE") and Los Angeles County Developmental Services Foundation, a California nonprofit public benefit corporation dba Frank D. Lanterman Regional Center ("FDLRC"). The parties agree as follows: 1. The Agreement. HOPE and FDLRC are parties to a CPP Housing Agreement dated as of June 30, 2021 (the "Agreement"). 2. Property Subject to Agreement. The following property is hereby deemed subject to the terms and conditions of the Agreement: "Property"). HOPE will develop the Property as [identify type of housing] housing. 3. Effective Date. The Agreement shall become applicable to the Property on the later of (1) the full execution of this instrument or (2) HOPE's acquisition of fee title to the property (the "Effective Date"). If the Effective Date has failed to occur by , 20 , this instrument shall automatically terminate on such later date. 4. Agreed Rent; Reserve. The Agreed Rent (as defined in the Agreement) for the Property per month. The Reserve (as defined in the Agreement) for the Property is \$ per month. 5. Counterparts; Delivery. This instrument may be executed in counterparts, each which shall be deemed an original and all of which shall constitute one and the same instrument. Signed copies of this instrument delivered by facsimile or electronically in PDF (or similar format) shall be deemed the same as originals. Executed in Los Angeles, California as of the date first written above. HOME OWNERSHIP FOR PERSONAL LOS ANGELES COUNTY EMPOWERMENT (HOPE). **DEVELOPMENTAL SERVICES** FOUNDATION, a California nonprofit A California nonprofit corporation public benefit corporation dba Frank D. Lanterman Regional Center Kristin Martin, Executive Director By: Name: Melinda Sullivan Executive Title:

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Director



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EXHIBIT "C" CPP TO HOUSING AGREEMENT (FY 2021-22)

FORM OF FDLRC COMMITMENT LETTER

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[Date]

Mr. Kristin Martin Home Ownership for Personal Empowerment (HOPE) 21231 Hawthorne Blvd. Torrance, CA 90503

Re: [Address of Applicable Property]

Dear Mr. Martin:

This letter confirms that FDLRC intends to purchase services from an approved vendor (the "Service Provider") that will enable FDLRC's consumers to reside at the Property. FDLRC will use its good faith efforts to identify the Service Provider, who will then lease the Property from HOPE. FDLRC's consumers will then reside in the Property and receive services from the Service Provider. In exchange for the services provided by the Service Provider to FDLRC's consumers, FDLRC will include a payment to the Service Provider which shall take into consideration the Service Provider's rent and other housing costs of \$______ per month in the aggregate at the Property.

In addition to the foregoing, FDLRC has obtained conditional approval from the California Department of Developmental Services (DDS) to provide up to \$800,000 in funding to HOPE for its acquisition, renovation and development of the Property.

FDLRC has committed to this project under its CPP Housing Agreement dated **June 1**, **2022**, with HOPE, which governs the parties' legal rights and obligations. FDLRC looks forward to partnering with HOPE to allow for HOPE's successful purchase and development of the Property for the benefit of FDLRC's consumers.

[FDLRC's Signature]	

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EXHIBIT "D" TO CPP HOUSING AGREEMENT (FY 2021-22)

FORM OF LEASE (AND LEASE ADDENDUM)

[Attach Approved Lease Form Here]

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EXHIBIT "C" TO LEASE

ADDENDUM TO LEASE

[ATTACHED]

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ADDENDUM TO LEASE

This is an Addendum to the Lease dated	, 20 between HOPE , a California			
nonprofit corporation ("Landlord") and	("Tenant") for			
premises commonly known as	in			
, California (the "Premises"). If any inconsistency exists between the Lease				
and the terms of this Addendum, the terms of the	nis Addendum shall control.			

The parties further agree as follows:

- 1. <u>Third Party Beneficiary</u>. Los Angeles County Developmental Services Foundation, a California nonprofit public benefit corporation dba Frank D. Lanterman Regional Center ("**FDLRC**") is a third party beneficiary of both (1) Landlord's rights against Tenant and (2) Tenant's rights against Landlord under this Lease.
- 2. <u>Use of the Premises; Permitted Uses</u>. The Premises shall be used solely as a long-term residence for persons who are developmentally disabled and eligible for services from FDLRC (the "**Intended Use**"). Tenant shall not use the Premises for any other use without (1) Landlord's prior written consent, which shall not be unreasonably withheld, and (2) FDLRC's prior written consent. The purpose of this provision is to ensure that the use of the Premises is maintained for the benefit of persons with developmental disabilities, in accordance with the Restrictive Covenant encumbering the Premises.
- Vendorization Compliance. During the Term of this Lease, Tenant shall at all times: 3. (1) maintain its vendorization with FDLRC; (2) comply with all service provider vendorization and other applicable requirements under law (including but not limited to the applicable provisions in Titles 17 and 22 of the California Code of Regulations and Divisions 4.5 and 9 of the California Welfare and Institutions Code); and (3) comply with all requirements of Tenant's Service Provider Agreement with FDLRC (hereinafter collectively, the "Vendorization Requirements"). FDLRC's delivery of written notice to Landlord that Tenant is in breach of any Vendorization Requirement shall constitute a default and breach under this Lease; provided, however, FDLRC will not provide such notice to Landlord until after (1) FDLRC has notified Tenant in writing that Tenant is in breach of the Vendorization Requirements and (2) Tenant fails to cure such breach by the deadline set forth in FDLRC's notice (based on the notice and cure periods set forth in the Service Provider Agreement between FDLRC and Tenant in its capacity as Service Provider). Upon Landlord's receipt of such notice, Landlord shall promptly exercise its rights under the Lease to evict Tenant (or require Tenant to assign its rights under this Lease to a new Service Provider selected by FDLRC as provided in Section 5 below); provided, however, (1) all costs of such eviction or lease assignment shall be borne by FDLRC and (2) at FDLRC's request, Landlord will delegate to FDLRC the authority to engage counsel to evict Tenant on behalf of Landlord.
- 4. <u>Insurance Policy Requirements</u>. All insurance policies that Tenant is obligated to maintain under this Lease shall (a) provide that they will not be cancelled on less than 30 days'

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prior written notice to Landlord and FDLRC and (b) in the case of liability policies, contain a named insured endorsement and name Landlord and FDLRC as "additional named insureds". Certificates of insurance shall be provided to Landlord and FDLRC upon request during the Term.

- 5. Default; Special Notice, Cure and Assignment Rights Available to FDLRC. Notwithstanding anything in the Lease to the contrary, no Tenant default shall occur until Landlord has also notified FDLRC in writing of the breach and has given FDLRC the same amount of time to cure the breach as Tenant is entitled under this Lease. If FDLRC timely cure the breach, then FDLRC may elect to designate a replacement tenant in lieu of Tenant (a "Designee") upon delivery to Landlord, as soon as practicable after such cure, of a written assumption by the Designee of Tenant's obligations under this Lease. FDLRC will use its commercially reasonable best efforts to cause the Tenant to pay rent to Landlord during any default and cure period. However, nothing in this Addendum shall be construed as obligating FDLRC to pay rent during the default period. The date of any such delivery of such written assumption of Tenant's obligations by Designee pursuant to the foregoing sentence is hereinafter referred to as the "Default Assignment Date." In the event of any such election, Landlord agrees to recognize the assignment of this Lease to the Designee, in the manner and on terms and conditions more fully described below, and to accept the performance by the Designee as the tenant under this Lease, subject to all of the terms and conditions hereof:
- 5.1 Upon a Default Assignment Date, Tenant shall be deemed to have made an absolute, irrevocable assignment without any condition precedent, for purposes of vesting in the Designee all of Tenant's right, title and interest in this Lease, and in and to the following intangible property, agreements and deposits which are now or hereafter used in connection with the operation of the Premises (collectively, the "Intangibles"): (1) Tenant's management agreements and service contracts for the benefit of the Premises and which can be terminated without penalty by Tenant within 30 or fewer days' notice; (2) all existing agreements with FDLRC's consumers who reside on the Premises (the "Residents"), to the extent assignable by Tenant (excluding the right to any payments for periods prior to the Default Assignment Date); and (3) all deposits of any nature (including but not limited to security deposits, utility deposits and Residents' deposits), prepaid rent and Residents' personal accounts held by Tenant. Designee agrees to assume all of Tenant's obligations under the Intangibles from and after the Default Assignment Date.
- 5.2 Upon the Default Assignment Date, the Designee shall be responsible for and shall pay all accrued expenses with respect to the Premises accruing on or after the Default Assignment Date and shall be entitled to receive and retain all revenues from the Premises accruing on or after the Default Assignment Date.
- 5.3 Upon the Default Assignment Date, all necessary arrangements shall be made to provide possession of the Premises to the Designee as soon as is practicable, but in no event later than five (5) days after FDLRC notifies Tenant of the name and address of the Designee. At the time Tenant transfers possession of the Premises to the Designee, Tenant shall deliver to FDLRC and the Designee (1) all Resident records and other personal information concerning all

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Residents residing at the Premises as of the Default Assignment Date and (2) all financial statements and other relevant records used or developed in connection with the Premises or business conducted at the Premises. Such transfer and delivery shall be in accordance with all legal requirements concerning the transfer of such records.

- 5.4 On the Default Assignment Date, Tenant shall provide FDLRC with an accounting of all funds belonging to Residents at the Premises that are held by Tenant in a custodial capacity. Such accounting shall set forth the names of the Residents for whom such funds are held and the amounts held on behalf of each such Resident. Additionally, Tenant shall make or assist with all necessary arrangements to transfer such funds to a bank account designated by FDLRC, and FDLRC or its Designee shall in writing acknowledge receipt of and expressly assume all Tenant's financial and custodial obligations with respect thereto.
- 5.5 All cash, checks and cash equivalents at the Premises and deposits in bank accounts (other than any client trust accounts) relating to the Premises on the Default Assignment Date shall remain Tenant's property after the Default Assignment Date. Tenant shall remain responsible for the payment of its liabilities, including accounts payable and payment of rent hereunder. FDLRC or its Designee shall assume responsibility for the billing and collection of payments on account of services rendered by Designee on and after the Default Assignment Date. All payments applicable to services rendered after the Default Assignment Date shall be retained by FDLRC or its Designee. FDLRC or its Designee shall cooperate with Tenant in Tenant's collection of its remaining accounts receivable. Neither FDLRC nor its Designee shall have any liability for uncollectible receivables, and neither shall be obligated to bear any expense as a result of such activities on behalf of Tenant.
- 5.6 FDLRC or its Designee shall have an option to purchase any, all, or none of Tenant's furnishings and equipment used in the operation of the Premises for a price equal to its then fair market value (provided, however, to the extent (1) such furnishings and equipment were already located at the Premises at the time Tenant began to lease the Premises or (2) Tenant or its predecessor(s) had purchased such equipment and furnishings with funds provided by FDLRC or any of them, Tenant shall transfer ownership of such equipment and furnishings to FDLRC or its Designee for no additional consideration). FDLRC or its Designee may exercise its option at any time prior to the expiration of 30 days following the Default Assignment Date. If the parties are unable to agree upon the fair market value of any equipment or furnishings which FDLRC or its Designee elects to purchase, FDLRC shall remit what it reasonably believes to be fair market value, Tenant shall transfer the items to FDLRC or its Designee and the parties shall resolve any remaining differences by jointly selecting a third party appraiser to value the items, and such appraiser's decision will be binding on the parties; if the parties are unable to agree on an appraiser, either party may petition to a judge of the Superior Court in the County in which the Premises is located to select an appraiser on behalf of the parties. FDLRC or its Designee shall also have the right to purchase all, some, or none of Tenant's supplies on hand upon the Default Assignment Date for a price equal to their cost to Tenant. Such option may be exercised at any time prior to the expiration of 30 days following the Default Assignment Date.

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- 5.7 FDLRC or its Designee shall have the right to download, copy, or otherwise use any computer programs used in the operation of the Premises, without charge by Tenant, for a period of six months following the Default Assignment Date. Tenant agrees not to erase or delete any data available upon its computer system that relates to the operation of the Premises.
- 5.8 The parties acknowledge that in the event FDLRC elects to cause this Lease to be assumed by a Designee pursuant to this Section 5, it may take several months for such Designee to obtain all necessary licenses and permits and a new agreement between it and FDLRC for the Designee to provide residential care services for people with developmental disabilities ("Provider Agreement"). In light of the foregoing, Tenant agrees that upon the Default Assignment Date, Tenant shall, at FDLRC's option but at no cost to Tenant, enter into appropriate interim arrangements with the Designee, effective as of the Default Assignment Date, whereby Tenant shall continue to operate the Premises as licensee for so long as it takes the Designee to obtain the necessary licenses and permits and new Provider Agreement, provided that Tenant may, in coordination with the California Departments of Health Services and Social Services, (1) delegate to Designee (or FDLRC), as manager of the Premises, any and all functions that it is permitted to delegate under California law; and/or (2) allow Designee to use Tenant's Medicare and Medicaid (including Medi-Cal) provider numbers ("Provider Numbers") until it obtains new Provider Numbers. Any Designee that operates the Premises under Tenant's License or Provider Number shall not be the subject of a current license revocation or a current termination of a Medicare or Medicaid provider agreement. The agreement(s) documenting such interim arrangements shall provide that the Designee shall indemnify Tenant for any losses or damages incurred by Tenant as a direct result of the Designee's negligence, including, without limitation, any actions taken by the California Department of Developmental Services or any other governmental agency, in response to acts or omissions of the Designee at the Premises while operating under Tenant's Licenses and Permits that have a quantifiable adverse effect on the ability of Tenant to secure or maintain an intermediate care residence or an adult residential case residence license, where applicable. In order to receive such indemnity, Tenant shall be required to demonstrate that the adverse effect would not have occurred but for the acts or omissions of the Designee.
- 5.9 Tenant further agrees to take any action FDLRC deems reasonably necessary to prevent, and Tenant shall not permit the occurrence of (1) a lapse in or limitation in the licenses and permits required to operate the Premises for its Intended Use (the "Licenses and Permits") (or the eligibility of the Premises for Medicare or Medi-Cal reimbursement, if applicable), (2) transfers of Residents from the Premises and/or (3) appointment of a temporary manager (not approved by FDLRC) or receiver.
- 5.10 Without limiting the foregoing, Tenant agrees, after a breach and upon FDLRC's request, to: (1) sublease the Premises to the Designee subject to the provisions of Section 5 hereof; (2) cease providing licensed care or services at the Premises; (3) cease representing itself to the public as having the Licenses and Permits to provide licensed care or services at the Premises; (4) provide for the management of the Premises by the Designee; and/or (5) provide for

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any other transfers or arrangements that FDLRC deems necessary to effectuate the purposes of this provision.

6. Assignment, Subletting and Lease Modifications

- 6.1 <u>Transfers</u>. Tenant is prohibited from, and shall not assign, sublet, encumber, mortgage, transfer or dispose of (each a "**Transfer**") all or any part of the Premises, this Lease or Tenant's leasehold estate hereunder, without first obtaining the written consent of FDLRC.
- 6.2 <u>Lease Modifications/Terminations Require Consent of FDLRC</u>. Neither Landlord nor Tenant shall amend or modify this Lease without first obtaining the written consent of FDLRC. Neither Landlord nor Tenant shall terminate this Lease without first obtaining the written consent of FDLRC. Any such purported amendment, modification or termination without FDLRC's written consent shall be voidable at FDLRC's option. FDLRC may condition its consent to the termination of this Lease on its approval of a replacement Lease for the Premises between Landlord and a new tenant (who is approved in accordance with the terms in Paragraph 6.1 above) that contains the same terms and conditions of this Lease, including the same protections for FDLRC as in this Lease.
- 6.3 <u>Assignee's Assumption of Lease Obligations</u>. No assignment by Tenant of this Lease shall be valid unless and until (1) the requirements of Paragraph 6.2 above have been complied with (or the assignee is a Designee as defined in Paragraph 5 above) and (2) the assignee executes and delivers to Landlord a written assumption of Tenant's obligations under this Lease for the benefit of Landlord.
- 7. Tenant's Indemnities. Tenant shall indemnify, hold harmless and defend Landlord and FDLRC from and against all liabilities, claims, damages, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by Landlord or FDLRC to the extent resulting from: (a) any personal injury to FDLRC's consumers or other third parties or property damage occurring during the Term on or about the Premises caused by the negligence of Tenant or any employee, agent, contractor, consultant, subtenant or invitee of Tenant working in or from the Premises; (b) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; and (c) any claim for negligence or misconduct committed by any Resident or by Tenant or by any employee, agent, contractor, consultant, subtenant, or invitee of Tenant working in or from the Premises.
- 8. <u>Landlord's Indemnities</u>. Landlord shall indemnify, hold harmless and defend Tenant and FDLRC from and against all liabilities, claims, damages, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by Tenant or FDLRC to the extent resulting from: (a) any accident, injury to or death of third parties or loss of or damage to property occurring prior to the Term on or about the Premises; (b) any failure on the part of Landlord to perform or comply with any of the terms of this Lease; and (c) the negligence of Landlord or Landlord's agents, employees, contractors or invitees.

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9. <u>Estoppels for FDLRC</u>. Landlord and Tenant shall each provide Estoppel Certificates to FDLRC upon request, certifying (a) that this Lease is unmodified and in full force and effect (or if modified setting forth the modifications); (b) the dates to which the rent has been paid; (c) whether, to the responder's knowledge, any party is in default in the performance of any provision contained in this Lease and, if so, specifying such default(s); and (d) responses to such other questions or statements as FDLRC shall reasonably request. The responder's failure to timely deliver such statement shall constitute an acknowledgment by the responder that (i) this Lease is unmodified and in full force and effect except as may be represented to the contrary by FDLRC; and (ii) the other matters set forth in such request are true and correct.

10. Changes in Rent.

- 10.1 Reduction of Rent Upon Repayment of a Loan. At such time(s) as each loan secured by a deed of trust encumbering the Premises has been repaid in full (without refinancing), the rent under this Lease shall be reduced by an amount equal to the monthly installment payments previously owed by Landlord to such lender (and Tenant's rate of payment under its Service Provider Agreement with FDLRC shall be reduced by the same amount).
- 10.2 Reduction of Rent Tied to Reduction in Real Property Taxes for Tax Exempt Service Provider. If the Tenant or any successor Tenant is a nonprofit entity under Internal Revenue Code section 501(c)(3), then once Landlord receives a real property tax exemption for the Premises, the rent under this Lease shall be reduced by an amount equal to the difference between (i) the amount of real property taxes in effect on the date Landlord acquired fee title to the Premises and (ii) the amount of the reduction in real property taxes as a result of obtaining the tax exemption (and Tenant's rate of payment under its Service Provider Agreement with FDLRC shall be reduced by the same amount).
- Change of Rent Due to Changes in Operating, Maintenance and/or Repair 10.3 Costs. At Landlord's request to FDLRC, such parties shall meet (but not more often than every five years) to discuss whether to increase the rent to the extent Landlord's net operating, maintenance and/or repair costs have increased during such previous five-year period (after taking into account any additional funds Landlord has received from FDLRC, Tenant or any third party during such time period to compensate Landlord for any changes in such costs). As a result of such meeting, the parties may mutually agree to increase the rent to a new fixed monthly amount to reasonably account for such net cost increases (and, in such event, Tenant's rate of payment under its Service Provider Agreement with FDLRC shall be automatically increased by the same amount), but only if the rent increase does not cause FDLRC's overall monthly payment to the Tenant to exceed the median rate for the home type, or the statewide median rate if no median rate exists for the home type; provided, however, (i) FDLRC's may consent or withhold its consent to any increase in rent at FDLRC's sole and absolute discretion and (ii) FDLRC may condition its agreement to increase the rent on the California Department of Developmental Services' approval of such rent increase.

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- 10.4 <u>Reduction of Agreed Rent Tied to Reduction in Landlord's Operating Expenses</u>. If Landlord's annual operating costs in the aggregate for the Premises are reduced in any calendar year, the rent under this Lease shall be reduced by an amount equal to the amount of such reduction (and Tenant's rate of payment under its Service Provider Agreement with FDLRC shall be reduced by the same amount).
- 11. <u>Conveyance by Landlord</u>. If Landlord or any successor owner of Landlord's rights in and title to the Premises shall convey the Premises, the transferee(s) shall assume in writing, for the express benefit of FDLRC, all obligations and liabilities of Landlord hereunder arising or accruing from and after the date of such conveyance or transfer, including all obligations of Landlord under the Restrictive Covenant encumbering the Premises in favor of FDLRC and the California Department of Developmental Services.
- 12. <u>Notices</u>. All notices to FDLRC under this Lease shall be addressed as follows (although FDLRC may, by notice to the other parties from time to time, specify a different address for notice purposes):

Kaye Quintero Associate Director, Administrative Services Frank D. Lanterman Regional Center 3303 Wilshire Boulevard, Suite 700 Los Angeles, CA 90010-1710

Phone: 213-252-8692 Fax: 213-252-8692

KQuintero@lanterman.org

Executed at Los Angeles, California as of the first date written above.

"Landlord"	"Tenant"	
Home Ownership for Personal Empowerment (HOPE), a California nonprofit corporation		_
	Ву:	
	Name:	
By	Title:	
Kristin Martin, Executive Director		

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