
RAMROD SENIOR HOUSING, INC.
A CALIFORNIA PUBLIC BENEFIT NON-PROFIT CORPORATION

AND

THE REDEVELOPMENT AGENCY
OF THE
CITY OF RIALTO

REGULATORY AGREEMENT

DATED AS OF _____, 1996

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REGULATORY AGREEMENT

This Regulatory Agreement (the "Regulatory Agreement"), dated as of July 1, 1996, is by and between RAMROD SENIOR HOUSING, INC., a California public benefit non-profit corporation (the "Company"), and the Redevelopment Agency of the City of Rialto (the "RDA").

RECITALS

This Agreement is made with reference to the following facts:

A. The RDA is the owner of certain properties in the County of San Bernardino, which properties are described in Exhibit "A" attached hereto and by this reference made a part hereof (collectively the "Property"); and

B. The RDA currently operates a mobile home park on the Property for the benefit of low/moderate income senior citizens; and

C. The Company and the RDA have entered into an Agreement of Purchase and Sale pursuant to which the Property is to be sold to the Company; and

D. The continued use of the Property for the benefit of low/moderate income senior citizens is a requirement of the sale of the Property by the RDA to the Company.

NOW THEREFORE the parties hereto, intending to be legally bound hereby, and for and in consideration of the mutual promises, representations and agreements herein contained, hereby agree as follows:

DEFINITIONS

Unless the context clearly otherwise requires, the following terms shall have the following respective meanings:

"Company" means Ramrod Senior Housing, Inc., a California Public Benefit Non-Profit Corporation.

"Force Majeure" means any cause or event, not within the Company's agency or control, which prevents the Company from fulfilling its obligations hereunder, including, without limitation, the following: acts of God, strikes; lock-outs or other industrial disturbances; acts of public enemies; orders or restraints of any kind of government of the United States of America or of the State or political subdivision thereof or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots, landslides; adverse weather conditions; earthquakes, fires, storms; droughts; floods; explosions; and breakage or accident to transmission wires, machinery, transmission pipes or canals.

"Low or Moderate Income Tenants" has the meaning set forth in Section 4(a).

"Note" means the promissory note dated as of July 1, 1996, executed by the Company to evidence such Company's obligation to repay the purchase price for the Property..

"Notice Address" means:

| | |
|--|--|
| As to the RDA: | As to the Company: |
| 150 S. Palm Ave. Rialto, CA 92376 Attn: Executive Director | 1010 Terrace Road Rialto, CA 92376 Attn: Manager |

"Park" means that certain Mobile Home Park known as Ramrod Senior Park, consisting of 202 Spaces.

"RDA" means the Redevelopment Agency of the City of Rialto, being a public body corporate and politic of the State of California and its successors and assigns and any body resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Regulatory Agreement" means this agreement by and between the RDA and the Company.

"State" means the State of California.

"Spaces" means the spaces located within the Park for the placement of mobile homes.

"Trust Deed" means the Deed of Trust, Security Agreement Assignment of Rents and Fixture Filing executed by the Company in favor of the RDA as security for the Company's obligations hereunder, as well as for the Company's payment obligations under the Note.

Other capitalized terms used herein, but not contained within the foregoing list of definitions, shall have the meanings assigned to them in the Note.

OPERATIVE PROVISIONS

1. Representations, Warranties and Covenants of the RDA. The RDA represents and warrants to, and covenants with, the Company that:

- (a) The RDA is a public body corporate and politic of the State of California
- (b) The RDA has complied with all of the provisions of the Constitution and the laws of the State, applicable to, and has full power and authority to consummate, all transactions contemplated by this Regulatory Agreement.
- (c) The RDA will make any and all findings and determinations required to be made by it pursuant to this Regulatory Agreement in good faith and with due diligence.

2. General Representations, Warranties and Covenants of the Company. The Company represents and warrants as of the date hereof to, and covenants with the RDA, that:

- (a) It is duly organized and existing under the laws of the State of California as a California Public Benefit Non-Profit Corporation, in good standing and qualified to do business in the State.
- (b) It will use its best efforts to remain in good standing and qualified to do business under the laws of the State, to not cease doing business, to not dissolve or otherwise dispose of all or substantially all of its assets and to not voluntarily consolidate with or merge into

any other entity or permit one or more other entities to consolidate with or merge into it; provided, that it may, with the prior written consent of the RDA, without violating the agreement contained in this subsection, syndicate or re-syndicate, consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets as an entity and thereafter cease doing business or dissolve, provided the surviving, resulting or transferee entity, as the case may be, shall be in good standing and qualified to do business under the laws of the State, have a net worth at least equal to that of the Company, as certified by an independent certified public accountant and shall assume in writing all of the obligations of the Company under this Regulatory Agreement and shall deliver to the RDA an opinion of counsel that said entity has assumed all such obligations and has the legal power to do so.

- (c) It has the power to execute, deliver and perform, and to enter into the transactions contemplated by this Regulatory Agreement, and has duly authorized the execution, delivery and performance of this Regulatory Agreement.
- (d) The execution and delivery of this Regulatory Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Regulatory Agreement do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of any legal restrictions or any agreement or instrument to which the Company is now a party or by which it is bound, or constitute a default under any of the foregoing.

3. Sale or Transfer of the Park. The Company shall not sell, transfer, or otherwise dispose of the Park, whether in a single transaction, or in a series of related transactions, without obtaining the prior written consent of the RDA. The consent of the RDA shall be conditioned solely upon receipt of evidence satisfactory to the RDA that (i) the Company's purchaser or transferee has assumed in writing and in full the Company's duties and obligations under the Regulatory Agreement, including an opinion of counsel to such effect, (ii) a certificate of an independent certified public accountant that the net worth of the purchaser or assignee is at least equal to that of the Company and (iii) an opinion of legal counsel having a national reputation in the field of municipal finance that such sale, transfer or other disposition shall not adversely affect the exclusion from income of interest payable with respect to the Prior Bonds. No such transfer or sale, however, shall terminate the Company's obligations under Section 3.03 hereof (with respect to indemnification and cost of the RDA). It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Park in violation of this Section shall be null, void and without effect, and shall be ineffective to relieve the Company of its obligations under this Regulatory Agreement.

4. Representations, Warranties and Covenants Concerning Residency Within the Park. The Company hereby represents and warrants to, and covenants with, the RDA that the following conditions will apply to the occupancy of the Park:

- (a) Not less than fifty percent (50%) of the Spaces shall be occupied by persons whose income qualifies them and their household as persons or families of low or moderate income, as defined in Section 50093, or very low income household as defined by Section 50105, respectively, of the California Health and Safety Code ("Low or Moderate Income Tenants");
- (b) Each person residing within the park shall be:
 - (i) 55 years of age or older;
 - (ii) 45 years of age or older and a spouse of a resident who is 55 years of age or older. (In the event that the death of any qualified resident 55 years of age or

older would otherwise disqualify any spouse because such spouse is not 55 years of age or older, then such spouse shall remain qualified to reside within the park);

- (iii) a disabled person as defined in subsection 1770(g) of the California Health and Safety Code who is a dependent of any other qualified resident; or
 - (iv) A skilled nursing or care provider whose residence is necessary for another qualified resident as provided for in a certificate to be executed by another licensed to practice medicine in the State of California.
- (c) Subject to the foregoing qualification requirements, the Spaces will be offered for rental to qualifying occupants on a first-come-first-served basis to members of the general public without regard to race, color, religion, sex, marital status or national origin;
 - (d) None of the Spaces shall at any time be utilized on a transient basis;
 - (e) None of the Spaces shall ever be leased or rented for a period of less than thirty (30) days;
 - (f) The Spaces to be occupied by Low or Moderate Income Tenants will be intermingled with all other Spaces in the Park and will be of a quality comparable to the other Spaces in the Park. Low or Moderate Income Tenants will have equal access and enjoyment to all common facilities of the Park. The Company will accept as tenants, on the same basis as all other prospective tenants, low-income persons who are holders of certificates for federal housing assistance payments for existing housing pursuant to Section 8 of the United States Housing Act of 1937 or a successor federal program; and in connection therewith, the Company will not apply tenant selection criteria to such Section 8 certificate holders which are more burdensome than the criteria applied to any other prospective tenants.

5. Verification of Income, Inspection and Reports. In order to confirm that it has met its obligation to provide Spaces to Low or Moderate Income Tenants, the Company shall obtain from each prospective tenant a copy of the tenant's federal income tax return for the taxable year immediately preceding such tenant's initial occupancy in the Park and annually thereafter; or, in the event that a certifies that he or she did not file or did not retain a copy of such tax return, alternate independent evidence of such tenant's income for such years, such as wage statements or employer records, or records from appropriate governmental agencies if the tenant received governmental assistance. The Company shall maintain complete and accurate records which pertain to the incomes of tenants residing in the Park, and shall permit any duly authorized representative of the RDA to inspect the books and records of the Company at any reasonable time upon five (5) business days' prior written notice. The Company shall prepare and submit to the RDA on February 1 of each year, commencing on February 1, 1997 a certificate executed by the President of the Company stating the percentage of the Spaces of the Park which were occupied by Low or Moderate Income Tenants at all times during the calendar year preceding the date of such certificate.

6. No Denial of Occupancy because of Increased Income. No Low or Moderate Income Tenant shall be denied continued occupancy because after admission to the Park the Low or Moderate Income Tenant's family income exceeds the applicable qualifying income level set forth in the definition of "Low or Moderate Income Tenant" herein.

7. Rental Increases - Notices to RDA. The Company shall notify the RDA within thirty (30) days after the announcement of all increases in the rents to be charged for any of the Spaces comprising the Park.

8. Maintenance of Park. The Company shall at all times maintain the Park, including all roadways, common areas and buildings located within the Park, in good condition and repair; provided, however, that the responsibility for maintenance of the individual coaches located by Park residents upon the Spaces shall lie with the respective Park residents. Authorized representatives of the RDA shall be entitled to inspect any portion of the Park to confirm that appropriate maintenance is being performed (excluding individual resident's coaches) at any reasonable time.

9. Budget and Financial Reporting. The Company shall annually prepare an operating budget for the Park in accordance with Section 4.10(d) of the Note.

10. Default. The Company shall be in default under this Agreement in the event that it fails to perform any of its material obligations hereunder, and such failure continues for a period of thirty (30) days following the Company's receipt of written notice from the RDA of such failure, which notice shall describe the alleged failure with particularity, provided, however, that if the nature of an alleged default is such that it cannot be fully cured within said thirty (30) day period, the Company shall have such additional time as may be reasonably necessary to cure such failure, so long as Company proceeds promptly after service of RDA's notice and proceeds diligently at all times to complete said cure.

11. Remedies. Whenever any event default shall have occurred and be continuing, the RDA may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Company under this Regulatory Agreement. The Company acknowledges that its obligations under this Regulatory Agreement are secured by the Trust Deed.

12. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved to the RDA is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Regulatory Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any event set forth in Section 10 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the RDA to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be required in this Agreement.

13. Temporary Waiver. Notwithstanding anything in this Regulatory Agreement to the contrary, the Company may apply to the RDA for a temporary or permanent waiver of the requirements set forth herein upon the occurrence of unforeseen events (e.g., fire, seizure, requisition, foreclosure or condemnation) resulting in involuntary loss or the substantial destruction of the Park. The RDA, in its sole discretion, may grant or deny such application.

14. Agreement to Pay Attorneys' Fees and Expenses In the event the Company should fail to perform its obligations under any of the provisions of this Regulatory Agreement and the RDA should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will pay or reimburse the RDA on demand the reasonable fee of such attorneys and such other incurred expenses.

15. Governing Law. This Regulatory Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

16. Counterparts. This Regulatory Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one of the same instrument.

17. **Notices.** All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when personally delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. The RDA and the Company may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

18. **Severability.** In the event any provision of this Regulatory Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

19. **Further Assurances and Corrective Instruments.** To the extent permitted by law, the RDA and the Company severally and not jointly agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Regulatory Agreement.

20. **Term of Agreement.** This Regulatory Agreement shall be in full force and effect from the date of the execution hereof and shall continue in effect for a period of thirty five (35) years, or until the Note is repaid in full, whichever is later, unless sooner terminated by the parties hereto..

21. **Covenants to Run with the Land.** The Company hereby subjects the Park (including the property upon which the Park has been constructed) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The RDA and the Company hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Company's successors in title to the Park; provided, however, that on the termination of the term hereof, said covenants, reservations and restrictions shall expire without the necessity of any further documentation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Park or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

22. **Conflicts with Note or Trust Deed.** In the event of a conflict between the terms of this Agreement and the terms of the Note or the Trust Deed, the terms of the Note or the Trust Deed, as the case may be, shall control.

IN WITNESS WHEREOF, the Company and the RDA have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed, all as of the day and year first above written but actually executed and delivered, as of the 1st day of July, 1996.

"RDA"

THE REDEVELOPMENT AGENCY
OF THE CITY OF RIALTO

By: 

Its: Chief Financial Officer

"COMPANY"

RAMROD SENIOR HOUSING, INC.,
a California public benefit non-profit corporation

By: 

Its: President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

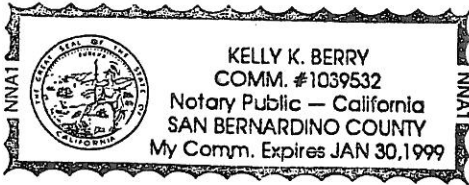
State of California

County of San Bernardino

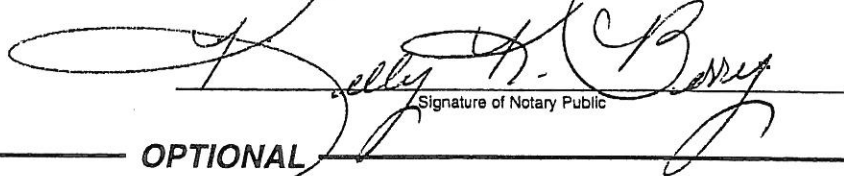
On July 23, 1996 before me, Kelly K. Berry
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Andrew Morton Green and Willard Franklin Hicks *****
Name(s) of Signer(s)

personally known to me – OR – proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.


Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Regulatory Agreement

Document Date: July 23, 1996 Number of Pages: *7*

Signer(s) Other Than Named Above: None

Capacity(ies) Claimed by Signer(s)

Signer's Name: Andrew Morton Green

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: Representative of
The Redevelopment Agency
of the City of Rialto

Signer Is Representing:
The Redevelopment Agency
of the City of Rialto

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here



Signer's Name: Willard Franklin Hicks

- Individual
- Corporate Officer
Title(s): President
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing:
Ramrod Senior Housing,
Inc.

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here



EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

Parcel 1 of Parcel Map 11701, in the City of Rialto, County of San Bernardino, State of California, per plat recorded in Book 143 of Parcel Maps, Pages 20 and 21, in the records of said County.

INITIALS: Seller _____, Purchaser _____.