

## RESIDUAL RECEIPTS PROMISSORY NOTE

Amount: \$90,000      November 1, 2013

1.     Principal and Interest.

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the INDEPENDENT CITIES FINANCE AUTHORITY, or order at such place as the "Holder" may, from time to time, designate by written notice to the Maker, the principal sum of Ninety Thousand Dollars (\$90,000) at the simple interest of 2% per annum. This Residual Receipts Promissory Note (this "Note") is made and given pursuant to that certain Residual Receipts Loan Agreement between the Independent Cities Finance Authority and the Maker dated November 1, 2013 (the "Residual Receipts Loan Agreement" or "Agreement").

2.     Term of Loan, Due Date and Right of Prepayment.

i.     Maturity Date. Unless due at an earlier time by virtue of the acceleration of the balance hereof in accordance with the provisions hereof, all principal then due shall be due and payable in full, including all accrued and unpaid interest and principal then due and payable in full without any further demand or notice twenty (20) years from the date of the Residual Receipts Loan Agreement, being November 1, 2033.

ii.    Accrued Interest. No interest shall accrue until August 15, 2016.

iii.   Payment, Due Date. Commencing August 15, 2016 interest on the unpaid principal shall begin to accrue and the amount due shall be amortized over a period of 20 years as shown on Exhibit A attached hereto. Annual or more frequent payments toward the principal balance hereof and interest payable with respect thereto shall be made from "Residual Receipts", as defined in the Residual Receipts Loan Agreement, which shall be paid by the Owner (as provided more specifically in Article III of the Residual Receipts Loan Agreement). Any payments with respect to this Note shall first be applied to pay any interest currently owing and due hereunder and then to the principal balance owing hereunder.

iv.    Prepayment. This Residual Receipts Promissory Note may be prepaid in whole or part at any time and from time to time without penalty or premium.

v.     Disbursements. The Ninety Thousand Dollars (\$90,000) shall be disbursed either November 1, 2013, or upon completion of the Conditions Precedent in the Agreement, whichever is later.

3.     Security for Note. This Residual Receipts Promissory Note is unsecured.

4.     Acceleration Upon Certain Events or Upon Default. The full amount of the residual receipts loan, including principal and all accrued interest, shall immediately become due and payable upon the occurrence of either of the following:

i. Subject to the provisions of Section 2.03 of the Residual Receipts Loan Agreement, Title to the Property is transferred by sale, or other means, unless approved by the Authority prior to transfer; or

ii. A breach of any condition in this Note .

5. Costs Paid by Maker. Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the Holder of this Residual Receipts Promissory Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection or enforcement of this Residual Receipts Promissory Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys' fees in any action to enforce payment of this instrument.

6. Waiver. Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Residual Receipts Promissory Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Residual Receipts Promissory Note.

5. Severability. If any provision of this Residual Receipts Promissory Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

6. Limitations on Recourse. As is provided in the Residual Receipts Loan Agreement, this Note is nonrecourse as to Maker. Consequently, no deficiency amount may be recovered from Maker under the provisions hereof, except as may be provided herein. Notwithstanding the generality of the foregoing, however, Maker shall indemnify, defend, protect and hold the Holder hereof harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation by the Maker under or in connection with the Residual Receipts Loan Agreement or this Note; (ii) intentional bad faith waste of the Property; (iii) illegal acts; and (iv) gross negligence. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and in the event of any breach of such obligations, the Holder shall have the right to proceed directly against the Maker and may bring any action and institute any proceeding to recover all such losses, damages, liabilities, costs and expenses resulting from such breach for which indemnity is given hereunder.

7. Non-Waiver. No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any default hereunder. Further, in order to be

effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of default hereunder.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MAKER:

Augusta Communities LLC, a California limited liability company

By: August Homes, a California nonprofit public benefit corporation, its sole member

By: \_\_\_\_\_  
Executive Director

**EXHIBIT A TO  
RESIDUAL RECEIPTS PROMISSORY NOTE**

LOAN AMORTIZATION SCHEDULE

Rate: 2.00%  
Term: 20 years  
Payment: Payments commence August 15, 2016.

November 1	Payment	Principal	Interest	Balance
2014				
2015				
2016				
2017				
2018				
2019				
2020	See Schedule A-1 for Interest Accruals and Payment Amounts			
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

## RESIDUAL RECEIPTS LOAN AGREEMENT

(Regarding Mobile or Manufactured Homes – Valley View Mobile Home Park)

**THIS RESIDUAL RECEIPTS LOAN AGREEMENT** (the “Agreement”) is dated as of October \_\_, 2013, and is made and entered into by and between the INDEPENDENT CITIES FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority” or “ICFA”), and, AUGUSTA COMMUNITIES LLC, a California limited liability company (the “Owner”).

### RECITALS

WHEREAS, the Authority is authorized to provide financing for the purpose of making a loan to a nonprofit organization exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended for use by such organization to finance the acquisition of, among other things, mobile home parks to provide housing within the jurisdiction of one of the member agencies of the Authority;

WHEREAS, the Authority desires to make a loan to Owner in order to enable it to acquire and install new mobile homes or manufactured homes and related improvements and expenses on vacant spaces, and the rehabilitation of these mobile or manufactured homes that are being made available to rent or sale to the public;

WHEREAS, it is the understanding of the parties that this loan is not expected to be accelerated if a mobile or manufactured home is sold because the loan is not the only source of funds for the Project; and

WHEREAS, the proceeds of the loan will be used to leverage additional funds to permit Owner the ability to purchase new mobile home or manufactured homes to fill vacant spaces outright.

### ARTICLE I SUBJECT OF AGREEMENT

Section 1.01 Definitions. The following terms shall, for the purpose of this Agreement and related Promissory Note, have the following meanings. In addition, the capitalized terms used but not defined in this Agreement shall have the meanings specified in the Indenture of Trust by and between the Authority and U.S. Bank National Association, as Trustee:

“Authority” shall mean the Independent Cities Financing Authority. The address of the Authority for the purpose of receiving notices pursuant to this Agreement is: PO Box 6740 Lancaster, CA 93539-6740, Attn: Executive Director.

“Authority Residual Receipts Loan” shall mean the loan made by the Authority pursuant to the provisions of this Agreement to assist Owner to acquire, finance, install and rehabilitate mobile or manufactured homes on the Property.

“Authority Residual Receipts Note” shall mean the Residual Receipts Promissory Note

which evidences the Authority Residual Receipts Loan, in which the Owner is the maker and the Authority is the holder, and which is unsecured. The form of the Residual Receipts Promissory Note is set forth in Attachment No. 2 hereto.

“Authorized Officer of the Authority” shall mean the Board President or the Executive Director or such other officer designated in writing by the Executive Director.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any published rulings, procedures and notices thereunder.

“County” shall mean the County of San Bernardino.

“Coverage Ratio” shall mean, for any period of time the ratio derived by dividing the sum of the Net Operating Revenues received by the Owner by the annual debt service attributed to the Property as shown in Exhibit 3. This calculation will occur one month after audit is due (June 15, 2016 audited coverage requirement) so the coverage calculation will be made using audited financials.

“Coverage Requirement Certificate” shall mean the certificate filed by the Borrower as required by Section 3.08 hereof and as shown in Exhibit 3.

“Improvements” shall mean, as of the Closing Date or at any time thereafter, any structures (other than mobile homes not owned by the Borrower), site improvements, facilities and fixtures located on the Property.

“Net Operating Revenues” shall mean Operating Revenues, less the Operation and Maintenance Costs during such fiscal year or period.

“Operating Revenues” shall mean, for any fiscal year or other period, all rents, income, receipts and other revenues derived by the Owner arising from the operation of the Property, including rental income from Spaces and future rental assistance, if any, provided to property tenants, determined in accordance with Generally Accepted Accounting Principles and all other money howsoever derived by the Borrower from the operation of the Property or arising from the Property, but not including resident security deposits.

“Operation and Maintenance Costs” shall mean, for any fiscal year or other period, the reasonable and necessary costs and expenses of operating the common areas of the Property and Improvements and of managing and repairing and other expenses necessary to maintain and preserve the common areas of the Property and Improvements in good repair and working order, calculated in accordance with Generally Accepted Accounting Principles, including but not limited to (a) utility services supplied to the common areas of the Property and Improvements, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, (b) compensation to the property management agents, salaries and wages of employees, payments to employee retirement systems, fees of auditors, accountants, attorneys or engineers providing services related to the operation and management of the Property and Improvements, (c) monthly deposits to the Repair and Replacement Fund pursuant to Section 5.7(i) of the Indenture, and (d) all other reasonable and necessary costs of the Owner or charges required to be paid by it related to the operation and maintenance of the common

areas of the Property and Improvements, including, but not limited to, costs of insurance and property taxes, if any, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions or improvements to the common areas of the Property and Improvements, which under Generally Accepted Accounting Principles are chargeable to a capital account or to a reserve for depreciation, (iv) debt service and deposits required by loans, and (v) fees and expenses of the fiduciaries, oversight agents, trustees, attorneys, nonprofit consultants, arbitrage consultants, financial advisors and accountants who provide services on a regular basis to the Owner.

“Owner” shall mean Augusta Communities LLC, a California limited liability company, which sole member is Augusta Homes, a California nonprofit public benefit corporation that has obtained an exemption from federal income taxation under Section 501 (c)(3) of the Code or any successor to which a Permitted Transfer of the Property may be made, as authorized by the provisions of this Agreement. The address of Owner for purposes of receiving notices pursuant to this Agreement is: 400 N Mountain Ave, Suite 205, Upland, California 91786, Attention: Executive Director.

“Property” shall mean the real property commonly known as the Valley View Mobilehome Park located at 12995 6<sup>th</sup> Street in the City of Yucaipa, California as more particularly described in Attachment No. 1 hereto, all improvements thereon and all personal property owned by the Owner and used in connection therewith, both during and after rehabilitation.

“Project” shall mean the acquisition, financing, installation or rehabilitation of new or existing mobile or manufactured homes on the Property.

“Residual Receipts” shall mean Net Operating Revenues.

“Space” means a mobile home space within the Property upon which a mobile home may be placed.

“State” shall mean the State of California.

## **ARTICLE II PURPOSE OF AGREEMENT**

Section 2.01 Purpose of the Agreement. The purpose of this Agreement is to provide for the acquisition, financing, installation or rehabilitation of new or existing mobile or manufactured housing on the Property in accordance with this Agreement. The acquisition, financing, installation, rehabilitation and use of new or the existing mobile or manufactured housing on the Property pursuant to this Agreement, and the fulfillment generally of the provisions of this Agreement, are in the vital and best interests of the Authority, and in accordance with the public purposes and provisions of applicable federal, state, and local laws, ordinances and requirements.

Section 2.02 Prohibition Against Change in Management and Control of Owner. The qualifications and identity of Owner are of particular concern to the Authority. It is because of those qualifications and that identity that the Authority has entered into this Agreement with



Owner. No voluntary or involuntary successor in interest of Owner shall acquire any rights or powers under this Agreement except as expressly set forth herein.

Section 2.03 Permitted Transfers of the Property. Owner may transfer by sale or other means the Property to an affiliate entity without violating the terms of this Agreement, subject to the approval of the Authority. Authority will execute any document reasonably required for such transfer .

### ARTICLE III FINANCING

Section 3.01 Loan Amount. The Authority shall loan Owner NINETY THOUSAND DOLLARS (\$90,000.00) evidenced by a Residual Receipts Promissory Note in favor of Authority as set forth in Attachment No. 2 hereto and incorporated herein by reference.

Section 3.02 Interest. The Residual Receipts Promissory Note shall bear interest at the rate of two percent (2%) per annum, and shall be paid from a portion of the Residual Receipts produced from the operation of the Property commencing November 1, 2013.

Section 3.03 Amortization Period. Payment of principal of the Authority Residual Receipts Loan and interest thereon shall be payable based on a twenty (20) year amortization commencing August 15, 2016 as provided in the Authority Residual Receipts Note. Interest will begin accruing on August 15, 2016 on the outstanding balance of the Authority Residual Receipts Loan until the Authority Residual Receipts Note is paid in full.

Section 3.04 Payment Priority. Payments on the Authority Residual Receipts Note shall be applied in the following order: (i) to repayment of any accrued interest, (ii) to the payment of interest currently due, and (iii) to repayment of principal.

Section 3.05 Unsecured. The Authority Residual Receipts Note shall be unsecured.

Section 3.06 Disbursement Date. The proceeds of the Authority Residual Receipts Loan shall be disbursed to or on behalf of the Owner on or prior to November 1, 2013.

Section 3.07 Due Date. All amounts, including any accrued interest, owing on the Residual Receipts Promissory Note shall be due on the earlier of (i) the date of any sale of the Valley View Mobilehome Park by the Owner or (ii) the stated due date of the Authority Residual Receipts Note, being November 1, 2033.

Section 3.08 Coverage Ratio. The Borrower shall file with the Authority a Coverage Requirement Certificate which calculates the Coverage Ratio based on audited financial statements (June 15, 2016 audited coverage requirement). Payment on the Authority Residual Receipts Note will be made after the Coverage Requirement Certificate shows the Coverage Ratio is at least 1.3. If Coverage Ratio is not at least 1.3 at this time, all amounts, including any accrued interest, owing on this Residual Receipts Promissory Note will continue to remain due as set forth in Section 3.07.

Section 3.09 Conditions Precedent. Notwithstanding the terms and conditions in this Agreement, the Authority shall only disburse to or on behalf of the Owner proceeds of the Authority Residual Receipts Loan, up to the total thereof, as specified in Article III hereof, when the following conditions precedent are satisfied to the reasonable satisfaction of the Executive Director of the Authority or the designated representative thereof:

3.09.1 Owner shall have executed and delivered to the Authority the original of this Agreement, the original Authority Residual Receipts Note and any other documents or instruments required under the terms of this Agreement to be executed and delivered by Owner.

3.09.2 Any other documentation reasonably requested by the Authority has been executed by Owner.

#### **ARTICLE IV REHABILITATION OF THE PROPERTY**

Section 4.01 Deposit of Funds. It is contemplated and agreed between the Authority and the Owner that, in addition to the sources of funds available for the Project, the proceeds of the Authority Residual Receipts Loan shall be deposited in full to the Owner on or prior to November 1, 1013 assuming Conditions Precedents set forth in Section 3.09 have been fully satisfied.

Section 4.02 Governing Standards. Owner shall cause all installation, reconstruction and rehabilitation performed on the Property to be performed in accordance with all conditions which may be imposed by the City of Yucaipa in issuing any required building or other permit required for the Project. Owner shall cause all installations, repairs, reconstruction and rehabilitation as necessary to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, and (ii) all directions, rules and regulations of any fire marshal, health officer, building inspection, or other officer of every governmental authority now having or thereafter acquiring jurisdiction over the Property. Such work shall proceed only after Owner procures each permit, license, or other authorization that may be required by any governmental authority having jurisdiction, if any. All construction work and professional services shall be performed by persons or entities licensed as required or necessary or otherwise authorized to perform the applicable construction work or service within the State.

Section 4.03 Non-Discrimination. Owner for itself and its successors and assigns agrees that in the construction, repair and rehabilitation of the Property and the improvements thereon, Owner will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, national origin or ancestry.

Section 4.04 Right of Access. Subject to the rights of occupants of mobile homes in the Property, representatives of the Authority shall have the reasonable right of access to the Property without charges or fees, at all times during normal business hours during the term of this Agreement with reasonable written notice, including, but not limited to, the inspection of the work being performed in installing and rehabilitating the Project.

Section 4.05 No Duty To Supervise. The Authority neither undertakes nor assumes nor will have any responsibility or duty to Owner or to any third party to review, inspect, supervise, pass judgment upon or inform Owner or any third party of any matter in connection with the Property or the Project whether regarding the quality, adequacy or suitability of work performed, any labor, service, equipment or material furnished to the Property or in connection with the Project, any person furnishing the same, or otherwise. Owner and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Owner or to any third party by the Authority in connection with such matter is for the public purpose of developing affordable housing, and neither Owner (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The Authority shall not be responsible to undertake and/or supervise any of the work of the Project.

## ARTICLE V DEFAULTS AND REMEDIES

Section 5.01 General Default. Subject to extensions of time which may be permitted by the terms of this Agreement, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, and during any period of curing shall not be in default.

Section 5.02 No Waiver. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such right or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

Section 5.03 Legal Actions. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, or to obtain any other remedy consistent with the purpose of this Agreement. Subject to applicable provisions of State and/or federal law, such legal actions may be instituted in any state court within the County, or in the United States District Court.

Section 5.04 Applicable Law. The laws of the State shall govern the interpretation and enforcement of this Agreement.

Section 5.05 Acceptance of Service of Process. In the event that any legal action is commenced by Owner against the Authority, service of process on the Authority shall be made by personal service upon the Executive Director of the Authority, or in such other manner as may be provided by law.

Section 5.06 Service of Process. In the event that any legal action is commenced by the Authority against Owner, service of process on Owner shall be made by personal service upon

the Executive Director of the sole member of the Owner and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 5.07 Rights and Remedies Are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 5.08 Specific Performance. If either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the defaulting party does not commence a cure of the default within thirty (30) days after service of the notice of default and has not cured the same promptly in a continuous and diligent manner within a reasonable period of time after commencement, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 5.09 Limitations on Recourse. Notwithstanding anything to the contrary contained in this Agreement or in the Residual Receipts Promissory Note, except in the event of fraud, waste, illegal acts or gross negligence, (i) Owner shall not have, and no officer or director of Owner (each, a "Owner Affiliate") shall have any direct, indirect or derivative personal liability for the obligations of Owner under this Agreement, and (ii) the Authority shall not exercise any rights or institute any action against the Owner or any Owner Affiliate directly, indirectly or derivatively, for the payment of any sum of money that is or may become payable hereunder.

## ARTICLE VI GENERAL PROVISIONS

Section 6.01 Nondiscrimination. The Owner agrees that it shall not discriminate on the basis of race, creed, color, sex or national origin in the lease, use or occupancy of the Property or the Spaces therein or in connection with the employment or application for employment of persons for the rehabilitation, operation and management of the Property.

Section 6.02 Notices Demands and Communications between the Parties. Formal notices, demands and communications between the Authority and Owner shall be sufficiently given if delivered personally, or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and Owner, as designated herein. Such notices, demands and communications if given in person shall be deemed given when delivered, and if given by mail shall be deemed given three (3) business days after deposit in the mails. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by written notice to the other.

Section 6.03 Conflicts of Interest. No member, official or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested. Owner warrants that neither it nor any affiliated entity has paid or

given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the Authority in the Property.

Section 6.04 Non-liability of Authority and Authority Officials and Employees. No member, official, employee, attorney or consultant of the Authority or the Authority, shall be personally liable to Owner, or any successor in interest, in the event of any default or breach by the Authority or the Authority or for any amount which may become due to Owner or to its successor, or on any obligations under the terms of this Agreement.

Section 6.05 Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, Acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, acts or failure to act of the Authority or any other public or governmental Authority or entity (except that acts or failures to act by the Authority shall not excuse performance by the Authority) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time the party claiming such extension gives notice to the other party, provided notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the Authority and Owner. Owner agrees to acquire and install the mobile homes or manufactured homes as set forth herein within 6 months of the date of this Agreement.

Section 6.06 Consents and Approvals. Consents and approvals required of the Authority or Owner shall not be unreasonably withheld or delayed.

Section 6.07 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Owner and its permitted successors and assigns. Whenever the term "Owner" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

Section 6.08 Relationship Between Authority and Owner. It is hereby acknowledged that the relationship between the Authority and the Owner is not that of a partnership or joint venture, and that the Authority and the Owner shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this Agreement, including the attached agreements, the Authority shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Property.

Section 6.09 No Third Party Beneficiaries. Notwithstanding any other provision of this Agreement to the contrary, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than the Authority, the Authority and the Owner, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

Section 6.10 Authorization to Sign. Execution of this Agreement shall be presumed to be made by an individual authorized by his or her respective corporation by resolution of its board of directors and such execution shall constitute a waiver by the party of any lack of such a resolution.

Section 6.11 Exhibits Schedules and Other Documents. All exhibits attached hereto and referred to herein are hereby incorporated herein as though set forth at length.

Section 6.12 Further Execution of Documents. The parties hereto agree to execute and file and to join in the execution and filing of any and all agreements, consents or other documents reasonably necessary to effect the consummation of the transaction contemplated hereby, as either party hereto may reasonably require.

Section 6.13 Miscellaneous. The agreements contained herein shall not be construed in favor of or against either party but shall be construed as if all parties prepared this Agreement. The masculine and neuter genders, the singular number and the present tense shall be deemed to include the feminine gender, the plural number and past and future tenses, respectively, where the context so requires.

Section 6.14 Severability. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

Section 6.15 Execution in Counterparts. This Agreement shall be executed in duplicate originals, each of which is deemed to be an original.

Section 6.16 Entire Agreement. Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements concerning the Authority Residual Receipts Loan between the parties with respect to all or any part of the Property.

Section 6.17 Amendment. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Authority or Owner, and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and Owner.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the date first above written.

**Independent Cities Finance Authority**

By: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**Augusta Communities LLC, a California limited liability company**

By: Augusta Homes, a California nonprofit public benefit corporation, its sole member

By: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

DRAFT

**Attachment 1**

**LEGAL DESCRIPTION OF PROPERTY**

THE SOUTH 112 OF THAT PORTION OF LOT 41, SAN ANTONIO TRACT, IN THE CITY OF MONTCLAIR, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 3 OF MAPS, PAGE(S) 16, RECORDS OF SAID COUNTY LYING WEST OF THE WESTERLY LINE OF ROMONA AVENUE AND NORTH OF THE NORTHERLY LINE OF GRAND A VENUE, AS SAID A VENUES ARE SHOWN ON SAID MAP.



**Attachment 2**

**AUTHORITY RESIDUAL RECEIPTS NOTE**

**Attachment 3**

**COVERAGE REQUIREMENT CERTIFICATE**

**Coverage Requirement Certificate  
\$90,000 ICFA Residual Receipts Loan 2013  
Month & Year  
Based on Audited Financials**

The undersigned hereby states and certifies on behalf Augusta Communities LLC, a California limited liability company (the "Borrower"), that, in accordance with the provisions of Section 3.08 of the Residual Receipts Loan Agreement:

	Month/Year
1. Total Operating Revenues (Note 1)	_____
2. Total Expenses (Note 2)	_____
3. Net Operating Revenues	_____
4. Series A Debt Service	_____
5. Series A Coverage Ratio (Note 3)	_____
6. Series A and B Debt Service	_____

- Notes:
- 1. Revenues less interest on Repair and Replacement Fund
  - 2. Expenses
  - 3. Series A Coverage Requirement - 1.3

AUGUSTA COMMUNITIES LLC  
A California limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Executive Director

**Attachment 4**  
**PAYMENT SCHEDULE**