



BOARD OF SUPERVISORS AGENDA ITEM REPORT  
AWARDS / CONTRACTS / GRANTS

Award  Contract  Grant

Requested Board Meeting Date: October 17, 2023

\* = Mandatory, information must be provided

or Procurement Director Award:

**\*Contractor/Vendor Name/Grantor (DBA):**

Family Housing Resources, Inc.

**\*Project Title/Description:**

Affordable Housing Gap Funding

**\*Purpose:**

The Pima County Board of Supervisors allocated \$5 million in funding to increase the availability of affordable housing in this community. As recommended by the Pima County Regional Affordable Housing Commission ("Commission"), \$4 million of that funding was directed toward "gap funding" for affordable housing developments. Following a competitive process, and on recommendation of the Commission, on June 20, 2023, the Board approved an award of \$500,000 to Family Housing Resources, Inc., for the Talavera Project. This Affordable Housing Gap Funding Agreement effectuates that award. Under the Agreement, Pima County will pay the gap funding in two payments, with the final payment due upon demonstration of full project completion, and the owner and developer will then record a restrictive covenant restricting the project as affordable to low-and-moderate income households for 30 years.

**\*Procurement Method:**

This Affordable Housing Gap Funding Agreement is Procurement exempt and not subject to Procurement rules.

**\*Program Goals/Predicted Outcomes:**

This project will preserve 96 multi-family housing units guaranteed to be affordable to low-to-moderate income households for 30 years.

**\*Public Benefit:**

Preservation of affordable multi-family rental housing.

**\*Metrics Available to Measure Performance:**

Preservation of 96 affordable housing units.

**\*Retroactive:**

No.

TO: COB, 10-4-23 (1)  
Vers: 1  
pgs: 32

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED

Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (\*) fields

Contract / Award Information

Document Type: CT Department Code: CR Contract Number (i.e., 15-123): 24-147
Commencement Date: 10/17/2023 Termination Date: 10/16/2024 Prior Contract Number (Synergen/CMS):
Expense Amount \$ 500,000.00 \* Revenue Amount: \$

\*Funding Source(s) required:

Funding from General Fund? Yes No If Yes \$ 500,000.00 % 100

Contract is fully or partially funded with Federal Funds? Yes No

If Yes, is the Contract to a vendor or subrecipient?

Were insurance or indemnity clauses modified? Yes No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? Yes No

If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: Department Code: Contract Number (i.e., 15-123):

Amendment No.: AMS Version No.:

Commencement Date: New Termination Date:

Prior Contract No. (Synergen/CMS):

Expense Revenue Increase Decrease

Amount This Amendment: \$

Is there revenue included? Yes No If Yes \$

\*Funding Source(s) required:

Funding from General Fund? Yes No If Yes \$ %

Grant/Amendment Information (for grants acceptance and awards) Award Amendment

Document Type: Department Code: Grant Number (i.e., 15-123):

Commencement Date: Termination Date: Amendment Number:

Match Amount: \$ Revenue Amount: \$

\*All Funding Source(s) required:

\*Match funding from General Fund? Yes No If Yes \$ %

\*Match funding from other sources? Yes No If Yes \$ %

\*Funding Source:

\*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?

Contact: Jenifer Darland, Deputy Director

Department: Community & Workforce Development

Telephone: 4-8312

Department Director Signature: [Signature]

Date: 9/29/2023

Deputy County Administrator Signature: [Signature]

Date: 29 Sep 2023

County Administrator Signature: [Signature]

Date: 9/29/2023

## Affordable Housing Gap Funding Agreement

### Background and Purpose

- A. As part of Pima County's ("County") fiscal year ("FY") 2022-23 budget, the Pima County Board of Supervisors ("Board") allocated \$5 million toward increasing affordable housing in Pima County. The Board appointed a Pima County Regional Affordable Housing Commission ("Commission") to study and make recommendations on how to expend that funding. Among the Commission's recommendations was using \$4 million of that funding to provide "gap funding" for development or preservation of affordable housing.
- B. County staff, with Commission comment and approval, developed and issued a Request for Proposals ("RFP"), CWD-RFP-AHF-01-FY2022-2023, to solicit proposals for projects to seek gap funding. Seven proposals were received, seeking a total of \$10,025,000 in funding. The proposals were scored by a panel with expertise in diverse areas, including housing, development, community development, and finance based on criteria set forth in the RFP. The panel recommended funding two projects: (1) Southwest Nonprofit Housing Corp – Rio Mercado (\$2,125,000.00); and (2) Family Housing Resources – Talavera Apartments (\$500,000.00).
- C. The Commission unanimously endorsed staff's recommendations. On June 20, 2023, the Board approved staff's and the Commission's recommendations, awarding funding to the two recommended projects in the amounts requested.
- D. This Gap Funding Agreement ("Agreement") is among County, Family Housing Resources Inc ("Developer"), and Talavera Apartments, LLC ("Owner"), to effectuate the award of \$500,000.00 in gap funding ("Gap Funding") to the Developer. The Gap Funding will be loaned by the developer to the Owner to facilitate the Talavera Apartments Project ("Project").
- E. The Project consists of preserving a total of 96 units of multifamily housing located in the City of Tucson. The Project is situated on one parcel at 1355 West Roger Road, and further identified by Pima County Assessor Tax Parcel Number 106-06-4110 ("Project Property"). Construction of the Project is underway. Developer has obtained all necessary plan approvals and construction permits from the City of Tucson and any other necessary approving entity. A description of the Project is attached as **Exhibit A**, and a map depicting the Project is attached as **Exhibit B**.
- F. Developer has submitted to County a Marketing Plan that identifies a marketing and sales team, market study, marketing and sales goals, marketing strategies, marketing budget, and other information demonstrating Developer's experience in marketing to an affordable renter market.

### Agreement

1. **Term.** This Agreement commences on the date it is approved by the Board and terminates on the date all Affordability Restrictions required by this Agreement have

been recorded. Notwithstanding this section, Sections 4, 7, and 8 of this Agreement survive termination and remain in effect so long as the Affordability Restrictions, defined below, remain in effect.

**2. Payment of Gap Funding.**

- 2.1. Within 30 days of the effective date of this Agreement, Developer will submit to County an invoice in the amount of no more than 90% the Gap Funding on a form to be provided by County. Developer will include with that invoice documentation demonstrating eligible costs incurred and sought to be reimbursed, along with a Project status report and estimate of project completion. County will review the invoice and, within 10 days, either approve it or reject it. If approved, County will pay Developer the amount requested within 10 days of the date of the invoice. If rejected, County will provide Developer with a written response including the reasons for the rejection, and Developer may submit a new invoice to correct any deficiencies.
  - 2.2. After Project completion, Developer will submit a final invoice for the remaining Gap Funding. Developer must include with the final invoice documentation demonstrating full Project completion, including final Certificates of Occupancy issued by the City of Tucson. County will review the invoice and, within 10 days, either approve it or reject it. If approved, County will pay Developer the amount requested within 10 days of the date of the invoice. If rejected, County will provide Developer with a written response including the reasons for the rejection, and Developer may submit a new invoice to correct any deficiencies.
3. **Affordability Restriction.** Within 30 days after receiving the payment, Owner will record Affordability Restrictions against the Project Property in substantially the form attached as **Exhibit C** and provide copies of the Affordability Restrictions to County.
  4. **Enforcement.** County may enforce the Affordability Restrictions in accordance with their terms at any time during which they are in effect.
  5. **Marketing Plan.** Developer will market the Project in accordance with the previously submitted Marketing Plan.
  6. **Assignment.** Neither Developer nor Owner may assign its obligations under this Agreement without County's written consent, which will not be unreasonably withheld.
  7. **Insurance.** The Insurance Requirements herein are minimum requirements for this Agreement and in no way limit, the indemnity covenants contained in this Agreement. Owner's insurance shall be placed with companies licensed in the State of Arizona and the insureds shall have an "A.M. Best" rating of not less than A- VII. Pima County in no way warrants that the minimum insurer rating is sufficient to protect the Owner from potential insurer insolvency.
    - 7.1. **Minimum Scope and Limits of Insurance.** Owner shall procure and maintain, until all contractual obligations have been discharged, the insurance coverage with limits of liability not less than stated below. Pima County in no way warrants that the minimum insurance limits contained herein are sufficient to protect the Owner from liabilities that arise out of the performance of the work under this

Agreement. If necessary, Owner may obtain commercial umbrella or excess insurance to satisfy the County's Insurance Requirements.

- 7.1.1. **Property** - Commercial Property insurance with coverage at least as broad as ISO form CP 00 01, covering full replacement cost of real property up to insurance limits.
- 7.1.2. **Commercial General Liability (CGL)** – Occurrence Form with limits of \$2,000,000 Each Occurrence and \$2,000,000 General Aggregate. Policy shall include bodily injury, property damage, broad form contractual liability coverage, personal and advertising injury and products – completed operations.
- 7.1.3. **Business Automobile Liability** – waived.
- 7.1.4. **Workers' Compensation (WC) and Employers' Liability** - Statutory requirements and benefits for Workers' Compensation. In Arizona, WC coverage is compulsory for employers of one or more employees. Employer's Liability coverage- \$1,000,000 each accident and each person - disease.  
**Sole Proprietor:** The Workers' Compensation requirement shall not apply to a contractor that is exempt under A.R.S. § 23-901, and when such contractor executes the appropriate "Pima County Sole Proprietor/Independent Contractor Waiver Form".
- 7.1.5. **Claims-Made Insurance Coverage.** If any part of the Required Insurance is written on a claims-made basis, any policy retroactive date must precede the effective date of this Agreement, and Owner must maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

7.2. **Additional Insurance Requirements.** The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

- 7.2.1. **Additional Insured:** The General Liability Policy shall each be endorsed to include Pima County, its departments, districts, boards, commissions, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Owner.
- 7.2.2. **Subrogation:** The General Liability and Workers' Compensation Policies shall each contain a waiver of subrogation endorsement in favor of Pima County, and its departments, districts, boards, commissions, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Owner.
- 7.2.3. **Primary Insurance:** The Owner's policies shall stipulate that the insurance afforded the Owner shall be primary and that any insurance carried by Pima County, its agents, officials, or employees shall be excess and not contributory insurance.
- 7.2.4. Insurance provided by the Owner shall not limit the Owner's liability assumed under the indemnification provisions of this Agreement.

- 7.3. **Notice of Cancellation.** Each Required Insurance policy must provide, and certificates specify, that County will receive not less than thirty (30) days advance written notice of any policy cancellation, except 10-days prior notice is sufficient when the cancellation is for non-payment of a premium. Notice shall include the Pima County project or contract number and project description.
- 7.4. **Verification of Coverage.** Owner shall furnish Pima County with certificates of insurance as required by this Agreement. An authorized representative of the insurer shall sign the certificates.
- 7.4.1. All certificates and endorsements, as required by this written agreement, are to be received and approved by Pima County before work commences. Each insurance policy required by this Agreement must be in effect at, or prior to, commencement of work under this Agreement. Failure to maintain the insurance coverages or policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.
- 7.4.2. All certificates required by this Agreement shall be sent directly to the appropriate County Department. The Certificate of Insurance shall include the Pima County project or contract number and project description on the certificate. Pima County reserves the right to require complete copies of all insurance policies required by this Agreement at any time.
- 7.5. **Approval and Modifications.** The Pima County Risk Manager may approve a modification of the Insurance Requirements without the necessity of a formal Agreement amendment, but the approval must be in writing. Neither the County's failure to obtain a required insurance certificate or endorsement, the County's failure to object to a non-complying insurance certificate or endorsement, or the County's receipt of any other information from the Owner, its insurance broker(s) and/or insurer(s), constitutes a waiver of any of the Insurance Requirements.
8. **Indemnification.** To the fullest extent permitted by law, Owner and Developer will defend, indemnify, and hold harmless Pima County and any related taxing district, and the officials and employees of each of them (collectively, "Indemnitee") from and against any and all claims, actions, liabilities, losses, and expenses (including reasonable attorney fees) (collectively, "Claims") arising out of actual or alleged injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by any act or omission of Owner or Developer or any of Owner's or Developer's directors, officers, agents, employees, volunteers, or subcontractors. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Owner or Developer to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Indemnitee will, in all instances, except for Claims arising solely from the acts or omissions of the Indemnitee, be indemnified by Owner or Developer from and against any and all Claims. Owner and Developer are responsible for primary loss investigation, defense and judgment costs for any Claim to which this indemnity applies. This indemnity will survive the expiration or termination of this Agreement.
9. **Laws and Regulations.**



- 9.1. Compliance with Laws. Owner and Developer will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders.
  - 9.2. Licensing. Owner and Developer individually warrant that it is appropriately licensed to provide the services under this Agreement and that its subcontractors will be appropriately licensed.
  - 9.3. Choice of Law; Venue. The laws and regulations of the State of Arizona govern the rights and obligations of the parties under this Agreement. Any action relating to this Agreement must be filed and maintained in the appropriate court of the State of Arizona in Pima County.
10. **Independent Contractor**. Owner and Developer are independent contractors. Neither Owner nor Developer, nor any of their officers, agents or employees will be considered an employee of Pima County for any purpose or be entitled to receive any employment-related benefits, or assert any protections, under the Pima County Merit System. Owner and Developer are each responsible for paying all federal, state and local taxes on the compensation received by them under this Agreement and will indemnify and hold County harmless from any and all liability that County may incur because of their failure to pay such taxes.
11. **Subcontractors**. Owner and Developer are each fully responsible for all acts and omissions of any subcontractor, and of persons directly or indirectly employed by any subcontractor, and of persons for whose acts any of them may be liable, to the same extent that the Owner and Developer are responsible for the acts and omissions of their own employees. Nothing in this Agreement creates any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law.
12. **Non-Discrimination**. Owner and Developer will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this Agreement, including flow-down of all provisions and requirements to any subcontractors. During the performance of this Agreement, neither Owner nor Developer will discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.
13. **Americans with Disabilities Act**. Owner and Developer will comply with Title II of the Americans with Disabilities Act (Public Law 110-325, 42 U.S.C. §§ 12101-12213) and the federal regulations for Title II (28 CFR Part 35).
14. **Authority to Contract**. Owner and Developer each warrants its right and power to enter into this Agreement. If any court or administrative agency determines that County does not have authority to enter into this Agreement, County will not be liable to Owner or Developer or any third party by reason of such determination or by reason of this Agreement.
15. **Full and Complete Performance**. The failure of any party to insist, in one or more instances, upon another party's complete and satisfactory performance under this Agreement, or to take any action based on another party's failure to completely and

satisfactorily perform, is not a waiver of that party's right to insist upon complete and satisfactory performance, or compliance with any other covenant or condition in this Agreement, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time is not an accord and satisfaction.

16. **Cancellation for Conflict of Interest.** This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated into this Agreement by reference.
17. **Termination by County.** County may terminate this Agreement if Owner or Developer fails to cure a default under this Agreement after more than 30 days after written notice of the default from County (or for a longer period as may be reasonable required under the circumstances to cure the violation, provided that Owner or Developer, whichever is in default, has commenced the cure within the initial 30-day period and thereafter diligently pursues the cure to completion).
18. **Remedies.** Any party may pursue any remedies provided by law for the breach of this Agreement. No right or remedy is intended to be exclusive of any other right or remedy and each is cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Agreement.
19. **Severability.** Each provision of this Agreement stands alone, and any provision of this Agreement found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Agreement.
20. **Non-Exclusive Agreement.** Owner and Developer understand that this Agreement is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.
21. **Books and Records.** Owner and Developer will keep and maintain proper and complete books, records and accounts, which will be open at all reasonable times for inspection and audit by duly authorized representatives of County. In addition, Owner and Developer will retain all records relating to this Agreement for at least five (5) years after its expiration or termination or, if later, until any related pending proceeding or litigation has concluded.
22. **Public Records.**
  - 22.1. **Disclosure.** Pursuant to A.R.S. § 39-121 et seq., all documents submitted in response to the solicitation resulting in award of this Agreement, including, but not limited to, pricing schedules, product specifications, work plans, and any supporting documents, are public records. As such, those documents are subject to release and/or review by the general public upon request, including competitors.
  - 22.2. **Records Marked Confidential; Notice and Protective Order.** If Owner or Developer reasonably believes that some of those records contain proprietary, trade-secret or otherwise-confidential information, Owner or Developer must prominently mark those records "CONFIDENTIAL." In the event a public-records request is submitted to County for records marked CONFIDENTIAL, County will notify Owner and Developer of the request as soon as reasonably



possible. County will release the records 30 days after the date of that notice, unless Owner or Developer has, within that period, secured an appropriate order from a court of competent jurisdiction, enjoining the release of the records. County will not, under any circumstances, be responsible for securing such an order, nor will County be in any way financially responsible for any costs associated with securing such an order.

### **23. Legal Arizona Workers Act Compliance.**

23.1. Compliance with Immigration Laws. Owner and Developer hereby warrant that they will at all times during the term of this Agreement comply with all federal immigration laws applicable to its employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Owner and Developer will further ensure that each subcontractor who performs any work under this Agreement likewise complies with the State and Federal Immigration Laws.

23.2. Books & Records. County has the right at any time to inspect the books and records of Owner and Developer and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

23.3. Remedies for Breach of Warranty. Any breach of Owner's, Developer's, or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, is a material breach of this Agreement subjecting Owner or Developer to penalties up to and including suspension or termination of this Agreement. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Owner or Developer will be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion. Any additional costs attributable directly or indirectly to such remedial action are the responsibility of Owner and Developer.

23.4. Subcontractors. Owner and Developer will advise each subcontractor of County's rights, and the subcontractor's obligations, under this Section 23 by including a provision in each subcontract substantially in the following form:

"Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to

Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor is a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

24. **Notices.** Any notice required or permitted to be given under this Agreement must be in writing and be served by personal delivery or by certified mail upon the other party as follows:

County:

Director, Pima County Community  
& Workforce Development  
2797 W. Ajo Way, 3rd Floor  
Tucson, AZ 85713

Developer:

Family Housing Resources Inc  
3505 N. Campbell Ave. Suite 501  
Tucson, AZ 85719

Owner:

Talavera Apartments, LLC  
c/o Family Housing Resources, Inc.  
3505 N. Campbell Ave., Suite 501  
Tucson, AZ 85719

Any party may update its contact for purposes of notices in writing at any time.

25. **Israel Boycott Certification.** Pursuant to A.R.S. § 35-393.01, if Owner or Developer engage in for-profit activity and have 10 or more employees, and if this Agreement has a value of \$100,000.00 or more, Owner and Developer each individually certify that it is not currently engaged in and agrees for the duration of this Agreement to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

26. **Forced Labor of Ethnic Uyghurs.** Pursuant to A.R.S. § 35-394, if Owner or Developer engage in for-profit activity and have 10 or more employees, Owner and Developer each individually certify that it is not currently using, and agrees for the duration of this Agreement to not use (1) the forced labor of ethnic Uyghurs in the People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and (3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Owner or Developer becomes aware during the term of the Agreement that it is not in compliance with A.R.S. § 35-394, it must notify the County within five business days and provide a written certification to County regarding compliance within one hundred eighty days.

27. **Amendments.** The parties may modify, amend, alter or extend this Agreement only by a written amendment signed by the parties.

28. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which shall constitute one and the same instrument.

29. **Entire Agreement.** This document constitutes the entire agreement between the parties pertaining to the subject matter it addresses, and this Agreement supersedes all prior or contemporaneous agreements and understandings, oral or written.

*The remainder of this page is intentionally left blank.*

*Signatures only on following page.*

**PIMA COUNTY**

**OWNER:**

\_\_\_\_\_  
Adelita S. Grijalva  
Chair, Board of Supervisors

\_\_\_\_\_  
Authorized Officer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name and Title


**ATTEST**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk of the Board

**DEVELOPER:**

Approved as to Form:

Kyle Johnson   
\_\_\_\_\_  
Deputy County Attorney

\_\_\_\_\_  
Authorized Officer Signature

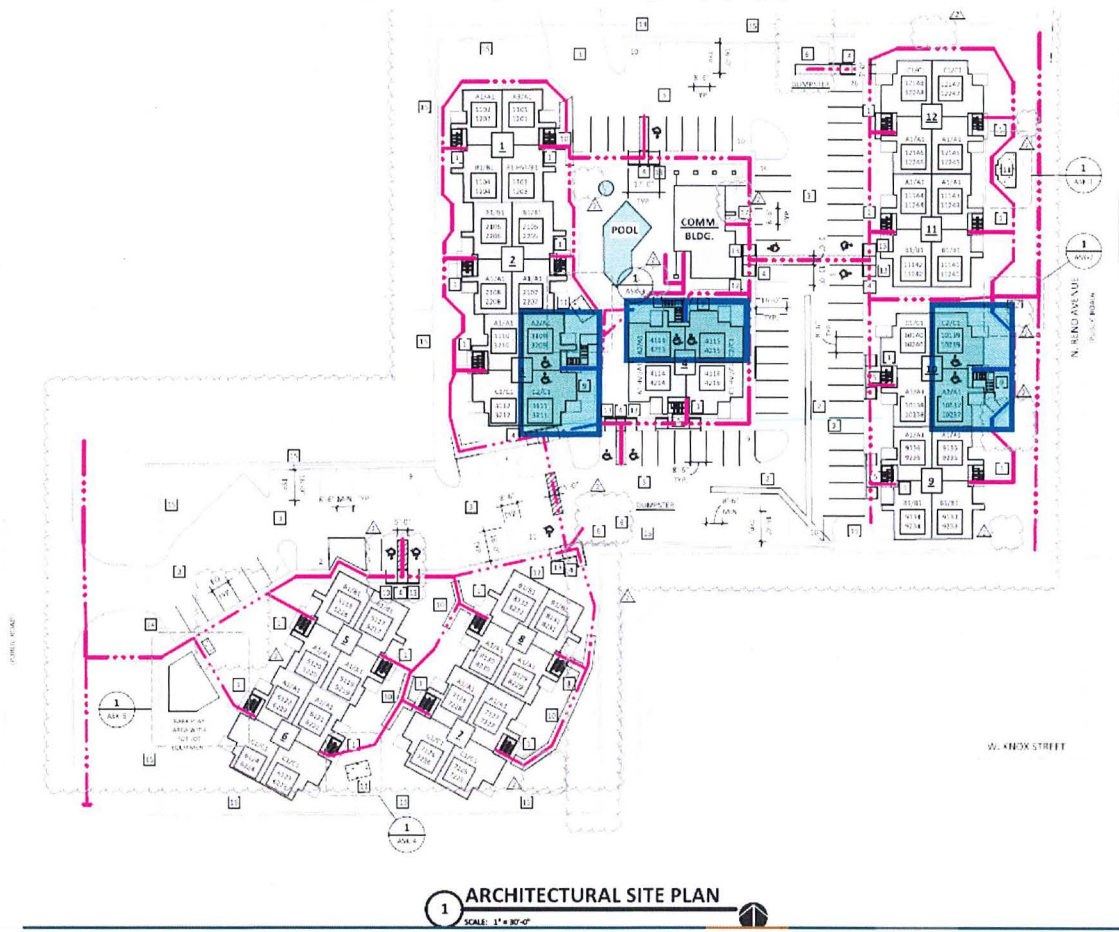
\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Date

## **Exhibit A – Description of Project (1 page)**

Talavera Apartments is an existing multifamily, affordable apartment complex consisting of 96 units (48 one-bedroom and 48 two-bedroom). It was built in 1986 and became a Low Income Housing Tax Credit (LIHTC) property in 2001. The Project consists of renovating all 96 units, as well as exterior spaces to provide accessibility throughout the project, ensuring 96 units will remain affordable over the next 30 years. The project required replacement of electric panels on each building (12 in total) and running new electric lines from the transformers. Six units will be converted into Americans with Disabilities Act accessible units, and three apartments into vision and hearing accessible units. The Project will remain occupied during construction. The Project has 25 Project Based Voucher (PBV) units that will serve households at 30% and 50% Area Median Income (AMI) levels, 11 HOME units at 50% AMI and the remainder are 60% AMI level (60 households).

Exhibit B – Depiction of Project (1 page)





**Exhibit C – Form of Affordability Restrictive Covenant (20 pages)**

When Recorded, Please Return To:

Director, Pima County Community & Workforce Development  
2797 E. Ajo Way  
Tucson, AZ 85713-6223

**AFFORDABLE HOUSING RESTRICTIVE COVENANT**

**1. Background and Purpose.**

1.1. Pima County ("County"), Family Housing Resources Inc, an Arizona not-for-profit corporation ("Developer"), and Talavera Apartments, LLC ("Owner") have entered into an Affordable Housing Gap Funding Agreement ("Agreement"), Pima County Contract No. CT-CR-24-147. Under that Agreement, County provided \$500,000.00 in funding ("Gap Funding") to Developer to complete an affordable-housing project, Talavera Apartments ("Project"), subject to, among others, the requirement that the Project remain affordable for a period of 30 years ("County Affordability Period"). The Project is also subject to affordability restrictions tied to other funding sources, including a Low Income Housing Tax Credit ("LIHTC") Affordability Period, the commencement date of which may vary from unit to unit but began on or about December 31, 2022 and is in effect for 30 years thereafter unless earlier terminated in accordance with the LIHTC "qualified contract" process described in Internal Revenue Code § 42(h)(6) ("LIHTC Affordability Period").

1.2. The Project consists of 96 one- and two-bedroom rental units, and is located on one parcel of land, legally described in attached **Exhibit A** and further identified by Pima County Assessor Tax Parcel Number 106-06-4110 ("Project Property"). Owner owns the Project Property.

1.3. In order to effectuate the Affordability Restrictions, County, Developer (to the extent of its interest in the Project Property), and Owner (collectively, "Parties") desire to enter into this Affordable Housing Restrictive Covenant ("Covenant") to be recorded against the Project Property to ensure that any subsequent sale of the Project Property would be subject to the County Affordability Period.

**2. Use Restrictions.** The Project Property will be subject to the following covenants and restrictions (collectively the "Affordability Restrictions") regulating and restricting the use and transfer of the Project Property, commencing on the date hereof. These restrictions shall be covenants running with the land and will bind Developer, Owner and their respective successors and assigns as set forth in this Covenant.

**2.1. Residential Use.** Owner will cause all occupants to use the Property only for residential purposes and any incidental activities related to residential use that are

currently permitted by applicable state and local zoning laws and the LIHTC program..

3. **Term and termination.** This Covenant takes effect upon its execution by the last Party to sign it ("the Effective Date") and, unless earlier terminated by written consent of all Parties or through foreclosure, deed in lieu of foreclosure, or exercise of the power of sale under the senior Deed of Trust identified on **Exhibit D**, terminates 30 years after the Effective Date.

4. **Affordability Restrictions.**

4.1. While the LIHTC Affordability Period is in effect, all 96 rental units comprising the Project must be leased in accordance with applicable United States Housing and Urban Development (HUD) and LIHTC Income and Rent Limits, which are published annually by the Arizona Department of Housing (for demonstrative purposes, a copy of the LIHTC Income and Rent Limits applicable at the time of the execution of this Covenant is attached as **Exhibit B**).

4.2. After the LIHTC Affordability Period expires, but before expiration of the County Affordability Period, all 96 rental units comprising the Project must be leased to tenants whose household income does not exceed 80% of the area median income ("AMI") for Pima County, as determined and promulgated by the Department of Housing and Urban Development, as applicable at the time the unit is rented. During this period, the total monthly rent for any one unit may not at any time exceed the allowable HUD rent limits for any HUD-assisted units and for the remaining units, the rent limits as established by the Arizona Department of Housing as published for the applicable year for 80% AMI tenants ("80% AMI Rent"), which includes the required utilities pursuant to the government program (for demonstrative purposes, a copy of the 80% AMI Rent applicable at the time of the execution of this Covenant is attached as **Exhibit C**).

4.3. **Physical Condition Standards.** During the Affordability Period, the Owner must maintain the Project suitable for occupancy; and, in decent, safe, and sanitary condition and good repair in accordance with the applicable local, state, and federal health, safety, and building codes and regulations.

5. **Eligibility Verification.** Owner must ensure that, for the duration of the County Affordability Period, the household income for each household occupying a unit in the Project is verified to be within the applicable limits described in Section 4, based on the tenant's current household income. Eligibility verification requires some form of income documentation (e.g., pay stubs, direct deposit images, third-party government verification of income within applicable limits), which must be retained for the duration of that household's tenancy and for at least one year after termination of that tenancy.

6. **Monitoring and Enforcement.**

6.1. In order to ensure compliance with and enforce this Covenant, County may:

6.1.1. At any reasonable time and in a reasonable manner enter and inspect the Project Property and to inspect any facility, document book, and record of the Owner relating to the Project.

- 6.1.2. With at least 30 days' prior written notice, take any reasonable action to cure any violations of the provisions of this Covenant.
- 6.2. Owner covenants and agrees to inform County by written notice of any breach of the Owner's obligations hereunder within twenty (20) calendar days of first discovering any such breach. Violations must be cured within the deadlines described in paragraph 6.4, below.
- 6.3. If County believes Owner has violated any provision of this Covenant, County will serve Owner or Developer with written notice of the alleged default. The notice must specify both the violation alleged and the actions County believes are necessary and feasible to remedy the violation.
- 6.4. If Owner fails to cure the violation after more than 30 days after written notice of the violation from County (or for a longer period as may be reasonably required under the circumstances to cure the violation, provided that the Owner has commenced the cure within the initial 30-day period and is thereafter diligently pursuing the cure to completion), County, at its option (without liability to any party for failure to do so), may, in addition to any other remedies available at law:
- 6.4.1. Apply to an Arizona court of competent jurisdiction for specific performance of this Covenant or an injunction to remedy the violation, or for such other relief as may be appropriate.
- 6.4.2. Seek damages against Owner in an amount that represents that portion of the Gap Funding that is the extent to which the duration of the violation compares to the County Affordability Period and the scope of the violation compares to the overall Project. As an illustration of how this measure of damages should be applied, if the violation lasted for one year after expiration of the cure period and involved 50 of the 96 total units, the damages formula would be  $\$500,000 * (1/30) * (50/96) = \$8,680.56$ .
- 6.5. In any action brought under this Covenant, the prevailing Party is entitled to recover its reasonable costs and fees incurred in the action, including its reasonable attorney fees.
- 6.6. Owner and County each acknowledge that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Covenant are to assure compliance of the Project and the Owner with the program requirements, AND BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING GAP FUNDS FOR THIS PROJECT HEREBY AGREES AND CONSENTS THAT COUNTY AND THE LOW-INCOME TENANT(S) (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANTS OF THE PROJECT) (OR EITHER OR ALL OF THEM) WILL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS COVENANT IN ANY ARIZONA STATE COURT OF COMPETENT JURISDICTION. Owner hereby further specifically acknowledging that the

beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

7. **Representations, Covenants and Warranties of Owner.** Owner hereby warrants and covenants that the warranties, covenants, and declaration of obligations and duties set forth herein may be relied upon by County and all persons interested in Project compliance under the Agreement requirements. In performing its duties and obligations hereunder, County may rely upon statements and certificates of the Owner pertaining to occupancy of the Project. The Owner further represents, covenants and warrants to County that:

7.1. The Owner:

7.1.1. has the power and requisite authority to own its properties and assets as owned, where owned, and to carry on its business as now being conducted (and as now contemplated) by this Covenant and the Agreement;

7.1.2. has the full legal right, power, and authority to execute and deliver this Covenant and the Agreement and to perform all undertakings of the Owner hereunder; and

7.2. The execution and performance of this Covenant and the Agreement by the Owner:

7.2.1. will not violate or, if applicable, have not violated any provision of law, rule or regulation, or any order of any court or other governmental agency;

7.2.2. will not violate or, if applicable, have not violated any provision of any indenture, declaration, mortgage, mortgage note or other instrument to which the Owner is a party or by which it or the Project is bound; and

7.2.3. will not result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature.

7.3. Except for those items listed on attached **Exhibit D**, the Owner will, at the time of execution and delivery of this Covenant, have good and marketable title to the real property and improvements constituting the Project free and clear of any lien or encumbrance.

7.4. There is presently no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair the Owner's right to carry on business substantially as now conducted (and as now contemplated) by this Covenant and the Agreement or which would materially, adversely affect its financial condition. Neither the Owner, its principals, shareholders, managers, members or general partners, as the case may be, have any judgment entered

against them which would, when recorded, constitute a lien against or otherwise impair the security of the Project.

7.5. No actions will be taken by the Owner which will in any way adversely affect the use of the Project.

**8. Preservation of Records.** Owner or Developer must maintain records related to compliance with Pima County's affordability restrictions for the duration of each household's tenancy and for at least one year following the termination of any household's tenancy.

**9. Recordation of Documents.** Owner and Developer are authorized to record and file any notices or instruments appropriate to assuring the enforceability of the Affordability Restrictions. Owner and Developer will execute any such instruments upon request. The benefits of the Affordability Restrictions may be assignable by County to any successor institution performing substantially similar functions. The Parties intend that the restrictions arising hereunder take effect upon the date hereof, and to the extent enforceability by any person ever depends upon the approval of governmental officials, such approval when given shall relate back to the date hereof regardless of the date of actual approval or the date of filing or recording of any instrument evidencing such approval.

**10. Nondiscrimination.** Owner and Developer may not discriminate in the lease, use, or occupancy of any of the rental units on the basis of any of the following: race, color, ethnicity, religion, sex, age, disability, marital or familial status, sexual or gender identity, or lawful source of income.

**11. Covenant Runs with the Land.** Upon execution Owner will cause this Covenant and all amendments and attachments hereto to be recorded and filed in the official records of the Pima County Recorder's Office in the count in which the Project is located, and pay all fees and charges incurred in conjunction with said recording. The restrictions and other provisions in this Covenant burden and run with the Project Property, bind any of Owner's successors or assigns, and inure to the benefit of County and any of its assigns.

**12. Severability.** The provisions of this Covenant are severable. If any provision of this Covenant, or any application of any of its provisions, to the Parties or any person or circumstances, is held invalid, that invalidity will not affect other provisions or applications of this Covenant that can be given effect without regard to the invalidity.

**13. Restraint on Alienation.** If the Affordability Restrictions are deemed unenforceable by virtue of its scope in terms of purpose or eligibility of tenants, but would be enforceable by reducing or increasing, as applicable, any part or all thereof, the same will be enforced to the fullest extent permissible under the laws and public policies applied in the State of Arizona.

**14. No Waiver.** No waiver by County of any breach of this Covenant, or any other act or omission by County, may be deemed a waiver of any other or subsequent breach.

**15. Governing Law.** This Covenant is governed by and must be interpreted in accordance with Arizona law.

**16. Conflict of Interest.** This Covenant is subject to the provisions of Arizona Revised Statutes § 38-511.

**17. Entire Agreement; Amendment.** This document constitutes the entire agreement among the Parties pertaining to its subject matter. This Covenant may be modified, amended, altered, or extended only by a written agreement signed by all Parties.

**18. Subordination.** This agreement is intended to be subordinate to the LIHTC and mortgage liens on the Project Property. In the event the Developer seeks to refinance the Property mortgage loans, the County agrees to approve a re- subordination to the new loans which approval will not be unreasonably withheld.

PIMA COUNTY

**Exhibit Only**

Adelita S. Grijalva  
Chair, Board of Supervisors

**Not for Execution**

Date

ATTEST

\_\_\_\_\_  
Clerk of the Board

STATE OF ARIZONA     )

) ss.

COUNTY OF PIMA     )

The foregoing instrument was acknowledged before me the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



Approved as to Form:

<b>Exhibit Only</b>
Deputy County Attorney
<b>Not for Execution</b>

DEVELOPER:

<h1>Exhibit Only</h1>
Authorized Officer Signature
<h1>Not for Execution</h1>
Print Name and Title

\_\_\_\_\_  
Date

STATE OF ARIZONA     )

) ss.

COUNTY OF PIMA     )

The foregoing instrument was acknowledged before me the \_\_\_\_\_ day of  
 \_\_\_\_\_, 20\_\_\_\_ by  
 \_\_\_\_\_.

\_\_\_\_\_  
 Notary Public

My Commission Expires: \_\_\_\_\_

OWNER:

<b>Exhibit Only</b>
Authorized Officer Signature
<b>Not for Execution</b>
Print Name and Title

\_\_\_\_\_  
Date

STATE OF ARIZONA     )

) ss.

COUNTY OF PIMA     )

The foregoing instrument was acknowledged before me the \_\_\_\_\_ day of  
 \_\_\_\_\_, 20\_\_\_\_ by  
 \_\_\_\_\_.

\_\_\_\_\_  
 Notary Public

My Commission Expires: \_\_\_\_\_

**Exhibit A (1 page)**  
**Legal Description – Parcel 106-06-4110**

**EXHIBIT A**  
**LEGAL DESCRIPTION OF LAND**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN TUCSON, IN THE COUNTY OF PIMA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Block 1, of LOMA VERDE, a subdivision of Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona, recorded in Book 40 of Maps and Plats, Page 83 thereof.

APN: 106-06-4110

**Exhibit Only**  
**Not for Execution**

**Exhibit B - Arizona Low Income Housing Tax Credit – Imputed Incomes/Allowable Rents (eff. May 15, 2023) (1 page)**



**Arizona Department of Housing**

**ARIZONA LOW INCOME HOUSING TAX CREDIT PROGRAM - IMPUTED INCOMES/ALLOWABLE RENTS**  
**FOR RENTS BASED ON UNIT SIZE (Number of bedrooms: Post 1989 Projects)**  
 (Figures derived from HUD Median Income Charts effective May 15, 2023)

MSA/County	%	(1 Person)	(2 Persons)	(3 Persons)	(4 Persons)	(5 Persons)	(6 Persons)	(7 Persons)	(8 Persons)	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm	
										Rent	Rent	Rent	Rent	Rent	Rent	
Phoenix (Maricopa/Pinal)	60	\$39,300	\$44,880	\$50,620	\$56,100	\$60,800	\$65,100	\$69,000	\$74,100	\$982	\$1,052	\$1,263	\$1,468	\$1,627	\$1,726	
	50	\$32,750	\$37,400	\$42,100	\$46,750	\$50,500	\$54,250	\$58,000	\$61,750	\$818	\$876	\$1,052	\$1,216	\$1,356	\$1,446	
	40	\$26,200	\$29,620	\$33,080	\$37,400	\$40,400	\$43,400	\$46,400	\$49,400	\$655	\$701	\$842	\$972	\$1,085	\$1,187	
	30	\$19,650	\$22,440	\$25,260	\$28,050	\$30,300	\$32,550	\$34,800	\$37,050	\$491	\$526	\$631	\$729	\$813	\$868	
	20	\$13,100	\$14,980	\$16,840	\$18,700	\$20,200	\$21,700	\$23,200	\$24,700	\$327	\$350	\$421	\$489	\$542	\$568	
HERA Special	60	\$41,580	\$47,520	\$53,460	\$59,400	\$64,200	\$68,940	\$73,680	\$78,420	\$1,039	\$1,112	\$1,330	\$1,546	\$1,723	\$1,801	
	50	\$34,850	\$39,630	\$44,250	\$48,500	\$52,500	\$57,450	\$61,400	\$65,350	\$866	\$928	\$1,113	\$1,287	\$1,436	\$1,534	
	40	\$27,720	\$31,680	\$35,640	\$39,600	\$42,600	\$45,600	\$49,120	\$52,260	\$693	\$742	\$891	\$1,020	\$1,146	\$1,207	
	30	\$20,760	\$23,760	\$26,730	\$29,700	\$32,100	\$34,470	\$36,840	\$39,210	\$519	\$556	\$669	\$772	\$861	\$900	
	20	\$13,860	\$15,840	\$17,820	\$19,800	\$21,400	\$22,980	\$24,560	\$26,140	\$346	\$371	\$445	\$515	\$574	\$593	
Tucson (Pima)	60	\$34,140	\$39,600	\$43,860	\$48,720	\$52,620	\$56,520	\$60,420	\$64,320	\$853	\$914	\$1,099	\$1,266	\$1,413	\$1,556	
	50	\$28,450	\$32,500	\$36,550	\$40,600	\$43,850	\$47,100	\$50,350	\$53,600	\$711	\$761	\$913	\$1,055	\$1,177	\$1,266	
	40	\$22,760	\$26,000	\$29,240	\$32,480	\$35,080	\$37,680	\$40,280	\$42,880	\$566	\$606	\$731	\$844	\$942	\$1,036	
	30	\$17,070	\$19,500	\$21,950	\$24,360	\$26,310	\$28,260	\$30,210	\$32,160	\$426	\$457	\$548	\$633	\$706	\$776	
	20	\$11,380	\$13,000	\$14,620	\$16,240	\$17,540	\$18,840	\$20,140	\$21,440	\$284	\$304	\$365	\$422	\$471	\$516	
Yuma (Yuma)	<h1 style="margin: 0;">Exhibit Only</h1> <h1 style="margin: 0;">Not for Execution</h1>															
HERA Special																
Apache	50	\$20,550	\$23,450	\$26,400	\$29,300	\$31,850	\$34,000	\$36,350	\$38,700	\$513	\$556	\$660	\$761	\$850	\$939	
	40	\$16,440	\$18,780	\$21,120	\$23,440	\$25,320	\$27,200	\$29,080	\$30,960	\$411	\$440	\$529	\$600	\$660	\$720	
	30	\$12,330	\$14,070	\$15,840	\$17,580	\$18,960	\$20,400	\$21,810	\$23,220	\$308	\$330	\$398	\$457	\$516	\$562	
	20	\$8,220	\$9,380	\$10,560	\$11,720	\$12,680	\$13,600	\$14,540	\$15,480	\$205	\$220	\$264	\$304	\$340	\$376	

*The rent limits listed above are what an owner can charge. 021 what an owner must charge to avoid non-compliance. Notifications sent to residents, for any owner imposed rent increase, that are characterized as mandates under ADOH, IRS or HUD regulations are prohibited.*

**Exhibit C – LIHTC Income Limits for 2023 80% AMI Rents (1 page)**

LIHTC Income Limits for 2023 (Based on 2023 MTSP Income Limits)	
	80.00%
1 Person	45,520
2 Person	52,000
3 Person	58,480
4 Person	64,960
5 Person	70,160
6 Person	75,360

**Exhibit Only**  
**Not for Execution**

Bedrooms (People)	80.00%
Efficiency (1.0)	1,138
1 Bedroom (1.5)	1,219
2 Bedrooms (3.0)	1,462
3 Bedrooms (4.5)	1,669
4 Bedrooms (6.0)	1,884
5 Bedrooms (7.5)	2,079



## Exhibit D – Permitted Exceptions (8 pages)

Case No. 2019-001-01-018

Policy No. PG Extra AZ-0008 EMP-27507-1-20-0101128

### SCHEDULE B

#### EXCEPTIONS FROM COVERAGE

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

#### PART I

1. Intentionally Excluded
2. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 98 of Maps and Plats, Page 88
3. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 40 of Maps and Plats, Page 83.
4. Intentionally Deleted

**Exhibit Only**  
**Not for Execution**

Entitled: Electric Distribution Underground Agreement  
Recording Date: March 18, 1986  
Recording No: Docket 7743, Page 128

Reference is hereby made to said document for full particulars.

5. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document.

Purpose: Communication and other facilities  
Recording Date: April 25, 1986  
Recording No: Docket 7771, Page 947

6. Intentionally Deleted

2750081 00001  
AZ-0008 Policy 00170001

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## Exhibit D – Permitted Exceptions (8 pages)

Order No. 51011/29-051-51-5PM

Policy No. Pro Forma-A2 FCOPI/MP 2/2007-1 21 51011/29

### SCHEDULE B – Part I (Continued)

10. Matters contained in that certain document

Entitled: Regulatory Agreement and Declaration of Restrictive Covenants  
Recording Date: December 17, 2001  
Recording No: Docket 11697 Page 2402

Reference is hereby made to said document for full particulars.

11. Intentionally Deleted

12. Intentionally Deleted

13. Matters contained in that certain document

**Exhibit Only**  
**Not for Execution**

14. Intentionally Deleted

15. Matters contained in that certain document

Entitled: Grant of Easement and Memorandum of Agreement  
Recording Date: August 20, 2012  
Recording No: 2012-2330063

Reference is hereby made to said document for full particulars.

16. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled: Memorandum of Laundry Room Lease  
Lessor: Tucson Loma Verde LLC, dba Talavera Apartments  
Lessee: Cem & Professional Equipment Co., an Arizona corporation  
Recording Date: June 23, 2015  
Recording No: 2015-1740146

17. Water rights, claims or title to water, whether or not recorded by the public records

2/2007(1) (008)  
ALTA Loan Policy (01/2007)

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**Exhibit D – Permitted Exceptions (8 pages)**

Order No. SA011729-951-51-51M

Policy No. Pro Forma-A2-FC008- MP-27967-1-21-5101726

**SCHEDULE B – Part I  
(Continued)**

18. Reservations contained in the Patent

From: The United States of America  
Recording Date: October 19, 1896  
Recording No: Book 27 of Deeds, page 177

Which among other things recites as follows:

Subject to any vested and approved water rights for mining, agriculture, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and also subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises hereby granted, as provided by law, and the reservation from the lands hereby granted of a right of way thereon for ditches or canals constructed by the authority of the

19  
20

**Exhibit Only**  
**Not for Execution**

- b) Wall along the south boundary encroaches onto the property adjoining to the south.
- c) Chain Link Fence along the south boundary, partially on said Land and partially on adjoining land.
- d) Access driveway along the north boundary encroaches onto the easement described in Book 29 of Maps and Plats, page 88 and in Book 46 of Maps and Plats, page 83 and shown at Exception No. 2 and 3.
- e) Building located in the south portion of the property encroaches onto the easement described in Book 2777, page 947 and shown at Exception No. 5.

21. Any statutory lien or claim of lien, affecting the Title, that arises from services provided, labor performed, or materials or equipment furnished, except as insured by the ALTA 32-06 Encroachment as it may be revised by ALTA 33-06 (Disbursement) Encroachment.

22. Intentionally Deleted

23. Intentionally Deleted

24. Intentionally Deleted

25. Intentionally Deleted



## Exhibit D – Permitted Exceptions (8 pages)

Case No. 51011729-381 51 51M

Policy No. FID Form-AZ L COP BOP 27307-1 21 51911729

### SCHEDULE B – Part I (Continued)

28. Matters contained in that certain document

Entitled: Regulatory Agreement and Declaration of Restrictive Covenants  
Recording Date:  
Recording No:

Reference is hereby made to said document for full particulars.

End of Schedule B – Part I

**Exhibit Only**  
**Not for Execution**

## Exhibit D – Permitted Exceptions (8 pages)

Case No. E1111728-041-S1-STM

Case No. Psa Fama-A2-FCOP- MP-22367-1-21-51011728

### SCHEDULE B

#### PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the insured Mortgage:

1. A deed of trust to secure an indebtedness in the amount shown below:

Amount:	\$400,000.00
Dated:	December 12, 2001
Trustee/Grantor:	Tucson Loma Verde, LLC, an Arizona limited liability company
Trustee:	First American Title Insurance Company, a California corporation
Beneficiary:	Community Services of Arizona, Inc.
Recording Date:	December 17, 2001
Recording No.:	Book 11697, Page 2493

An assignment of the beneficial interest under said deed of trust which names:

Assignee:	City of Tucson, an Arizona municipal corporation
Recording Date:	December 18, 2001
Recording No.:	Book 11698, Page 2299

Subordination Agreement (Interim Subordinate Loan):

Recording Date:	December 17, 2001
Recording No.:	Book 11697, Page 2507
Recording No.:	Book 11697, Page 2517
Recording No.:	Book 11697, Page 2524

An agreement to assume the obligation hereof, as provided in the instrument:

Executed by:	City of Tucson, an Arizona municipal corporation, Tucson Loma Verde, LLC, an Arizona limited liability company, and Talavera Apartments, LLC, an Arizona limited liability company
--------------	--

Recording Date:	
Recording No.:	

An agreement recorded \_\_\_\_\_, 2021 at Recording No. \_\_\_\_\_ which states that this instrument was subordinated to the document or interest described in the instrument.

Entitled: Construction and Permanent Trust Deed with Assignment of Rights, Security

**Exhibit Only**  
**Not for Execution**

## Exhibit D – Permitted Exceptions (8 pages)

Order No.: 51911728 (01/01/21) 51/51M

Policy No.: P&T Form-AZ-3 (09/18) 2/2017-1-21-51011725

### SCHEDULE B – Part II (Continued)

2. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$400,000.00  
Dated: June 14, 2002  
Trustor/Grantor: Tucson Loma Verde, LLC, an Arizona limited liability company  
Trustee: Rita L. Spears, a member of the Arizona State Bar  
Beneficiary: La Frontera Center, Inc., an Arizona nonprofit corporation  
Recording Date: September 26, 2002  
Recording No.: Decket 11893, Page 2021

An assignment of the beneficial interest under said deed of trust and notice of substitution of trustee which carries:

Assignee: Family Housing Resources, Inc., an Arizona nonprofit corporation  
Recording Date: February 20, 2020  
Recording No.: 2020-0510368 and

A substitution of trustee under said deed of trust which names, as the substituted trustee, the following

Trustee: Adam Peitz, a member of the State Bar of Arizona of Tucson, Arizona

An agreement to assume the obligation thereof, as provided in the instrument

Executed by: Family Housing Resources, Inc., an Arizona nonprofit corporation, Tucson Loma Verde, LLC, an Arizona limited liability company, and Tanavera Apartments, LLC, an Arizona limited liability company

Recording Date:  
Recording No.:

An agreement recorded \_\_\_\_\_, 2021 at Recording No. \_\_\_\_\_ which states that this instrument was subordinated to the document or interest described in the instrument

Entitled: Construction and Permanent Trust Deed with Assignment of Rents, Security Agreement and Fixture Filing

Recording Date:  
Recording No.:

**Exhibit Only**  
**Not for Execution**

2700981 (09/08)  
ALTA Loan Policy (01/2000)

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LAND  
TITLE  
ASSOCIATION



**Exhibit D – Permitted Exceptions (8 pages)**

Case No.: 51011720-051-91-SYM

Policy No.: Pro Forma-AZ-FIDOP-IMP-27007-1-21-51011720

**SCHEDULE B – Part II  
(Continued)**

3. A deed of trust to secure an indebtedness in the amount shown below.

Amount: \$2,700,000.00  
Dated:  
Trustor/Grantor: Talavera Apartments, LLC, an Arizona limited liability company  
Trustee:  
Beneficiary: Tresson Luma Verde, LLC, an Arizona limited liability company  
Recording Date:  
Recording No.:

An agreement recorded \_\_\_\_\_, 2021 at Recording No. \_\_\_\_\_ which states that this instrument was subordinated to the document or interest described in the instrument.

Entitled: Construction and Permanent Trust Deed with Assignment of Benefits, Security Agreement and Fixture Filing  
Recording Date:  
Recording No.:

4. Covenants, conditions and restrictions (including any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document.

Recording No. Docket 11697, Page 2439

Hereafter Assignment or Declaration of Covenants, Conditions, and Restrictions recorded 2021 as Recording No.

An agreement recorded \_\_\_\_\_, 2021 at Recording No. \_\_\_\_\_ which states that this instrument

**Exhibit Only**  
**Not for Execution**

**End of Schedule B – Part II**

This is a pro forma policy furnished to or on behalf of the party to be insured. It neither reflects the present status of title, nor is it intended to be a commitment to insure. The inclusion of endorsements as a part of the pro forma policy in no way evidences the willingness of the company to provide any all-inclusive coverage shown

07/20/2019 (year)  
A-1A Loan Policy (9/17/20)

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## Exhibit D – Permitted Exceptions (8 pages)

Order No. 61011729-051-51-STM

Policy No. Pro Forma-A2-PCOP-601-27307-1-21-51011729

### SCHEDULE B – Part II (Continued)

therein. There are requirements which must be met before a final policy can be issued in the same form as the pro forma policy. A commitment to insure setting forth these requirements should be obtained from the Company.

**Additional Matters** may be added or other amendments may be made to the pro forma policy by reason of any defects, liens or encumbrances that appear for the first time in the Public Records or come to the attention of the Company and are created or attached between the issuance of this pro forma policy and the issuance of a policy of title insurance. The Company shall have no liability because of such addition or amendment.

**Exhibit Only**

**Not for Execution**