

SPONSOR OPERATING GUARANTY

LOAN NUMBER 18-NPLH-12658

This Sponsor Operating Guaranty (the "Guaranty") is made as of the date indicated below, by the County of Fresno, a public entity and the Housing Authority of the City of Fresno, California, a public body, corporate and politic (collectively, the "Sponsor"), The Villages at Paragon, LP, a California limited partnership ("Borrower"), for the benefit of the Department of Housing and Community Development, a public agency of the State of California, its successors and assigns (the "Department").

RECITALS:

A. Through that Standard Agreement No. 18-NHPL-12658 entered or to be entered into by and between Borrower and the Department (the "Standard Agreement"), the Department has awarded Sponsor a conditional loan commitment from the No Place Like Home Program (the "Program" or "NPLH") in the amount of \$3,616,466.00 (the "Loan") for the permanent financing of that certain low-income housing development known as The Villages at Paragon and located at 4041 Plaza Drive West, Fresno, California 93702 (the "Development").

B. The Department's decision to enter into the NPLH Standard Agreement and the Loan was based in part on the Sponsor's ability to successfully own, operate and manage the Development in compliance with that certain Regulatory Agreement to be entered into by and between the Department and Borrower, which governs the maintenance, use and occupancy of the Development (the "Regulatory Agreements").

C. Sponsor has formed The Villages at Paragon, LP, a California limited partnership (the "Borrower"), with Sponsor as the controlling entity. Sponsor has transferred or will be transferring title to the Development to the Borrower.

D. In order to ensure that the Borrower has sufficient resources and expertise to successfully operate the Development for the term of the Regulatory Agreement consistent with the requirements contained therein, the Department requires that the Sponsor provides this Guaranty as a condition to the Department's loan to Borrower.

NOW, THEREFORE, IN CONSIDERATION OF Department's Loan to Borrower, Sponsor covenants, agrees and guarantees to the Department as follows:

1. Recitals. The foregoing recitals are a part of this Guaranty.

2. Sponsor Operating Guaranty. In order to assure that the Borrower has the skill, knowledge and experience necessary for the Borrower to own, operate and manage the Development pursuant to the terms of the Regulatory Agreement, Sponsor guarantees to the Department that during any period that Borrower is obligated under the terms of the Regulatory Agreement:

a. Sponsor shall provide general oversight of the Borrower's operation and management of the Development, and hereby guarantees to the Department that the Borrower shall perform its duties under the Regulatory Agreement with the skill, knowledge and experience of a party with sufficient ability to own, operate and manage the Development. Sponsor shall not modify, amend, limit or terminate its status as the controlling entity of Borrower without the prior written approval of the Department.

b. Upon any notice to Sponsor by the Department or the Borrower that the Borrower does not have sufficient staff or equipment to perform its duties under the Regulatory Agreement, including, but not limited to, its obligation to perform under the Management Plan described in the Regulatory Agreement (the "Management Plan"), Sponsor shall provide sufficient staff or equipment, as needed, to enable the Borrower to perform such duties. Such staff or equipment shall be provided at either no cost to the Borrower or at a cost approved in writing by the Department as being payable from the Borrower's distributions from the Development.

c. Sponsor shall exercise its rights of control of the management of the Borrower so as to assure that the Borrower is able to perform its duties under the Regulatory Agreement, including, but not limited to, its obligation to perform under the Management Plan.

d. Neither Borrower nor Sponsor shall be relieved of any of their responsibilities under the Regulatory Agreement or under the Management Plan by the Department's approval of an agreement between Borrower and a management agent for the Development.

e. Sponsor agrees that any breach, violation or default of Borrower under the Regulatory Agreement shall constitute breach, violation or default of Sponsor under this Guaranty, and such breach shall give rise to the remedies available to the Department against the Sponsor hereunder.

[Remainder of this page is blank.]

3. Department's Remedies Against Sponsor.

a. Sponsor agrees that in the event of a breach, violation or default as described in paragraph 2(e) above, all the Department's remedies under this Guaranty and under law or equity shall be available to the Department upon failure of Sponsor to perform its obligations and guarantees under this Guaranty after the expiration of any applicable cure period for the underlying breach, violation or default.

b. If Sponsor is in default under this Guaranty, but the Borrower is not in default under the Regulatory Agreement, Department may take any one or more of the following actions:

i. Apply to any court of competent jurisdiction for specific performance of this Guaranty, or for such other relief against Sponsor as may be appropriate. It is agreed by the Sponsor that the injury to the Department arising from a default of the Sponsor under this Guaranty may be irreparable and that the amount of the compensation that would provide adequate relief to the Department in light of the purposes and requirements of the Program may be impossible to ascertain.

ii. Seek such other appropriate remedies against the Sponsor, including money damages, as may be available against the Sponsor under law.

4. Successors and Assigns. This Guaranty shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

5. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

6. Attorneys' Fees. In the event that any party to this Guaranty brings an action to interpret or enforce its rights under this Guaranty, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

7. Counterparts. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

[Signatures follow on page 4 of this Sponsor Operating Guaranty. The remainder of this page is intentionally left blank.]

SPONSOR:

County of Fresno

a California Government County

By: Sal Quintero
Sal Quintero

Date: 8-22-2023

Chairman of the Board of Supervisors

ATTEST:
BERNICE E. SEIDEL
Clerk of the Board of Supervisors
County of Fresno, State of California

Address:

2281 Tulare Street
Fresno, CA 93721

By: Hanane Deputy

AND

Housing Authority of the City of Fresno, California,
a public body, corporate and politic

By: Tyrone Roderick Williams
Tyrone Roderick Williams
Chief Executive Officer

Dated: 7-11-23

BORROWER:

The Villages at Paragon, LP,
a California limited partnership

By: Silvercrest, Inc., a California nonprofit
public benefit corporation
Its: Managing General Partner

By: Tyrone Roderick Williams
Tyrone Roderick Williams
Secretary/Director

By: The Villages at Paragon AGP, LLC,
a California limited liability company
Its: Administrative General Partner

By: Housing Authority of the City of Fresno, California,
a public body, corporate and politic
Its: Member and Manager

By: Tyrone Roderick Williams
Tyrone Roderick Williams
Chief Executive Officer