

## SECOND AMENDMENT TO GROUND LEASE

This SECOND AMENDMENT TO GROUND LEASE (this “Amendment”) is dated as of June 18, 2024 (the “Effective Date”) and is entered into by and between the CITY OF COVINA, a municipal corporation (“Lessor”), and the COVINA HOUSING AUTHORITY (“Lessee”).

### RECITALS

- A. The Lessor and Lessee are parties to that certain Ground Lease dated June 21, 2022 and amended it by an Amendment to Ground Lease dated December 5, 2023.
- B. Lessor and Lessee desire to amend the Lease as hereinafter set forth.

### AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

- 1. Rent. Section 3.1 of the Lease is hereby deleted and the following is substituted in lieu thereof:

“3.1 Rent. Commencing on the earlier of: (i) the date on which the Project is completed, or (ii) the deadline for completion of the Project in Exhibit “C” as extended pursuant to Section 14.4 if applicable (such earlier date being hereinafter referred to as the “Rent Commencement Date”), Tenant shall pay rent to Landlord for the Property at the rate of Sixty Four Thousand Dollars (\$64,000.00) per year, increased on each anniversary of the Rent Commencement Date by three percent (3%), which shall be prepaid for the first 23 years after the Rent Commencement Date by Tenant prior to the Rent Commencement Date (such prepayment amount being \$1,929,835.22, which was calculated as a present value amount using a discount rate equal to the LAIF interest rate of the original Lease reference date of June 21, 2022 that Landlord could obtain by investing such funds), and shall be payable for the period after the 23 year prepayment period in equal monthly installments, on the first business day of each calendar month, without notice, deduction or offset.

Tenant may also prepay more rent at any time by paying the present value of the rent prepaid, using such discount/interest rate then applicable to funds invested by Landlord.”

- 2. Section 3.3 of the Lease is hereby deleted and the following is substituted in lieu therefore:

“3.3 Contingent Secured Construction Loan by Landlord from Prepaid Rent. If Tenant is unable, despite good faith efforts, to obtain adequate grant, conditional grant or forgivable loan funds/financing on or before March 30, 2025 to complete the Improvements, then Landlord hereby commits and covenants to make Tenant a conditional secured grant (or forgivable secured loan) from the rent paid by Tenant to

Landlord, up to the entire amount of such rent, to the extent needed to finance the completion of the Improvements. Such construction loan shall be disbursed in increments, not more often than once every thirty days, after receipt of a written draw request from Tenant stating the amount of the disbursement requested and including reasonable evidence of the costs to be paid, and subject to other reasonable construction loan disbursement conditions.

Such loan shall be secured by the Tenant's interest under this Lease, and shall be evidenced by a promissory note and leasehold deed of trust reasonably acceptable to Landlord. The promissory note shall have an interest rate of three percent (3%) per annum and a maturity date that is the expiration or earlier termination of this Lease, and will provide that the loan principal and accrued interest shall be repaid in annual installments from 100% of the annual "residual receipts" (as defined in the promissory note, but consisting of the amount by which income from the Property exceeds costs of operating the Property and providing services to residents), but that principal outstanding on the maturity date will be forgiven."

3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

4. Time of Essence. Time is of the essence of every provision of this Lease in which time is a factor.

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

**LESSOR:**

CITY OF COVINA

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE:**

COVINA HOUSING AUTHORITY

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Candice Lee, City Attorney

