

THIRD AMENDMENT TO LEASE

This THIRD AMENDMENT TO GROUND LEASE (this “Third Amendment”) is dated as of September 17, 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.
- B. The Parties then executed a First Amendment to the Ground Lease on December 5, 2023 and a Second Amendment to the Ground Lease on June 18, 2024.
- C. 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. New Exhibit “C” (Schedule of Performance). Exhibit “C” to the Lease is hereby deleted and the attached new Exhibit “C” is hereby substituted in lieu thereof.
- 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, 2028 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 that 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 Third 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 hereof and the new Exhibit C in which time is a factor.

IN WITNESS WHEREOF, the parties hereto have executed this Third 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

EXHIBIT "C"

SCHEDULE OF PERFORMANCE (DEADLINES)

1. September 30, 2027: Construction of new signalized intersection entrance from San Bernardino Road into the City of Covina Public Works Yard (with new surface parking lot).
2. March 30, 2028: Installation of perimeter fencing, modular facilities, administrative facilities, utilities and similar features.
3. September 30, 2028: Completion; begin Navigation Center operations.