



**NOTICE OF REGULAR MEETING**  
**Sacramento Housing and  
Redevelopment Commission**  
**TELECONFERENCE MEETING ONLY**  
**Wednesday, August 4, 2021 – 6:00 pm**  
**801 12<sup>th</sup> Street Commission Room**  
**Sacramento CA**

**Meetings of the Sacramento Housing and Redevelopment Commission are closed to the public until further notice in compliance with state guidelines on social distancing, in accordance with the Brown Act, (as currently in effect under the State Emergency Services Act), the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20 issued on March 17, 2020. These measures facilitate participation by members of the Commission, staff, and the public and allow meetings to be conducted by teleconference, videoconference, or both.**

**The Sacramento Housing and Redevelopment Commission meeting will be broadcast live on YouTube. To view the meeting please visit:  
YouTube Link: <https://youtu.be/KoYRjsWmBaw>**

**Members of the public who wish to make comments can do so in two ways:**

- 1. Email comments to [publiccomments@shra.org](mailto:publiccomments@shra.org) which will be read into the record by the Clerk during the meeting.**
- 2. Comment by phone during the meeting by dialing (888) 970-1444. Please call and indicate if you wish to comment during the general 'Citizens Comments' period or on a specific agenda item.**

**Please contact the Agency Clerk's office at 916-440-1332, if you have questions about the public comment procedure. In compliance with the Americans with Disabilities Act (ADA), SHRA requests that individuals who require special accommodations to access and/or participate in Commission meetings contact the office at (916) 440-1332 at least 24 hours before the scheduled meeting. Agenda materials are available for review online at [www.shra.org](http://www.shra.org). If you need assistance with locating reports contact the Agency Clerk at (916) 440-1332 for assistance.**

**ROLL CALL**

**APPROVAL OF AGENDA**

**CITIZENS COMMENTS**

**While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes, so that everyone may be heard. SHRA provides opportunities for the public to address the Commission at this time in order to listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment**

periods on the agenda are not intended to be "question and answer" periods or conversations with Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Members of the public wishing to provide comment should either email comments to [publiccomments@shra.org](mailto:publiccomments@shra.org) or be present them verbally by calling (888) 970-1444.

## APPROVAL OF MINUTES – July 7, 2021

### BUSINESS ITEMS

1. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Approval of Tax-Exempt Bonds and Commitment of HOME Investment Partnerships Program (HOME) funds to Northview Pointe (Project)
2. Approval of Loan Documents for the 4995 Stockton Boulevard Affordable Housing Development
3. Approval of Amendment and Restatement of Lease Financing Documents Related to 2008 Acquisition and Rehabilitation of Office Building at 801 12<sup>th</sup> Street, Sacramento, California - City
4. Amendment and Restatement of Lease Financing Related to 2008 Acquisition and Rehabilitation of Office Building at 801 12<sup>th</sup> Street, Sacramento California - County

### EXECUTIVE DIRECTOR REPORT

### COMMISSION CHAIR REPORT

### ITEMS AND QUESTIONS OF COMMISSION MEMBERS

### ADJOURNMENT



**MINUTES**  
**Sacramento Housing and Redevelopment Commission (SHRC)**  
**Regular Meeting**  
**July 7<sup>th</sup>, 2021**

Meeting noticed on July 2<sup>nd</sup>, 2021

**ROLL CALL**

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:02 p.m. by Chair Morgan. Note that meeting was held via teleconference following the Governor's executive order during the coronavirus pandemic.

**MEMBERS PRESENT:** Amanfor, Boyd, Morgan, Nunley, Osmany (arrived 6:08 pm), Ross, Schumacher-Hodge, Staajabu, Starks (arrived 6:03 pm), Woo

**MEMBERS ABSENT:** Griffin

**STAFF PRESENT:** Tyrone Roderick Williams, Brad Nakano, Susana Jackson, Christine Weichert, Mark Hamilton, Ahmad Halimi, Peter Masih, Lira Goff

**APPROVAL OF AGENDA**

The Agenda was approved as submitted. Items number one and two were heard together.

**CITIZENS COMMENTS**

Nakisha Bell submitted a written comment regarding Regulatory Waivers and Alternative Requirements applying to the Family Self Sufficiency Program.

**APPROVAL OF MINUTES** – June 2, 2021 minutes were approved, as submitted.

**BUSINESS ITEMS**

1. Local Housing Trust Fund Application – City Report
2. Authority To Apply For And Accept Funding From The California Department of Housing and Community Development For The 2021 Local Housing Trust Fund Program, In An Amount Not To Exceed \$5,000,000, To Match On A Dollar For Dollar Basis The Fund – County Report

Christine Weichert presented the items.

Commissioner Nunley motioned to approve the staff recommendation for the item listed above. Commissioner Woo seconded the motion. The votes were as follows:

**AYES:** Amanfor, Boyd, Morgan, Nunley, Osmany, Ross, Schumacher-Hodge, Staajabu, Starks, Woo

**NOES:** None

**ABSENT:** Griffin

**ABSTAIN:** None

### PRESENTATIONS

#### 3. Commission Video Tour - RAD Properties

Lira Goff and Mark Hamilton presented the item. Commissioner Ross Requested a list of all properties overseen by SHRA. He also requested information on the population demographics of SHRA Public Housing properties.

### EXECUTIVE DIRECTOR'S REPORT

Deputy Executive Director Tyrone Roderick Williams reviewed the following:

- The July 21, 2021 meeting will be cancelled.
- The next meeting will be held on August 4, 2021.

### COMMISSION CHAIR REPORT

Chair Morgan welcomed Commissioner Ross

### ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Boyd asked if we could email Deputy Director Williams's Juneteenth presentation to the Commissioners.

### ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 6:44 pm.

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Clerk

## RECORD OF MEETING ATTENDANCE

Board/Commission: Sacramento Housing and Redevelopment Commission Board Contact: Lira Goff 916-440-1332

<b>Meeting Dates and Type</b>		<b>2/03/21 Regular</b>	<b>2/17/21 Regular</b>	<b>3/03/21 Regular</b>	<b>4/07/21 Regular</b>	<b>5/05/21 Regular</b>	<b>6/02/21 Regular</b>	<b>7/17/2021 Regular</b>	<b>Total Meetings Attended</b>
<b>Member Names:</b>									
<b>Emmanuel Amanfor: 4/13/21- 12/31/23 - City</b>						X	X	X	3
<b>Barry F. Boyd : 8/13/19 -12/31/21 - City</b>		X	X	X	X	X	X	X	7
<b>Melvin Griffin: 1/28/20 - 12/31/23 - County</b>		A-EX	A-EX	A-EX	A-EX	A-EX	A-EX	A-EX	0
<b>Gale Morgan: 12/8/20 - 12/31/23 - County</b>		X	X	X	X	X	X	X	7
<b>Cecile Nunley: 1/05/19 - 12/21/22 - County</b>		X	X	X	X	X	A	X	7
<b>Jasmine Osmany: 03/11/20 - 12/31/22 - County</b>		X	X	X	X	X	X	X	7
<b>Marisha Schumacher - Hodge: 04/13/21 - 12/31/23 - City</b>						X	X	X	3
<b>Martin Ross: 06/08/2021 - 12/31/2023 - County</b>								X	1
<b>Staajabu Staajabu : 02/07/15 - 12/31/21 - City</b>		X	X	X	X	X	X	X	A
<b>Samuel Starks: 2/06/18 -12/31/21 - City</b>		X	X	X	X	X	X	X	7
<b>Darrel Woo: 05/19/2020 - 12/31/22 - County</b>		X	X	X	X	X	X	X	7
Attendance Types: X - Attended Meeting EX-A - Excused Absence A - Absent									



August 4, 2021

**Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA**

Honorable Members in Session:

**SUBJECT:**

**Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Approval of Tax-Exempt Bonds and Commitment of HOME Investment Partnerships Program (HOME) funds to Northview Pointe (Project)**

**RECOMMENDATION:**

Staff is presenting this information to the Commission for review, prior to final review by the Sacramento City Council and Housing Authority of the City of Sacramento.

**Respectfully Submitted**

  
**LA SHELLÉ DOZIER**  
**Executive Director**

**Attachment**



**REPORT TO CITY COUNCIL AND  
HOUSING AUTHORITY  
City of Sacramento**  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Public Hearing  
August 17, 2021**

**Honorable Mayor and Members of the City Council**

**Title: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Approval of Tax-Exempt Bonds and Commitment of HOME Investment Partnerships Program (HOME) funds to Northview Pointe (Project)**

**Location/Council District: 2314 Northview Drive, Sacramento CA 95833, District 3**

**Recommendation:** Conduct a public hearing and upon conclusion adopt: 1) a City Council Resolution indicating the City Council has conducted a TEFRA public hearing related to the proposed construction and financing of the Project; 2) a City Council Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) approve the Conditional Funding Commitment of \$2,500,000 comprised of HOME funds, b) execute a Loan Commitment Letter and all necessary documents associated with this transaction with Excelerate Housing Group LLC, or related entity for the Project, c) execute any and all documents deemed necessary by the Agency and related to the transaction, d) amend the Agency budget, and e) make related findings; and 3) a Housing Authority Resolution: a) indicating the intention of the Housing Authority of the City of Sacramento to issue up to \$27,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, construction and permanent financing for the Project, and b) authorizing an application to the California Debt Limit Allocation Committee for allocation authority to issue bonds.

**Contact:** Christine Weichert, Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency; Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency.

**Presenters:** Cylus Scarbrough, Housing Finance Analyst, (916) 440-1353, Sacramento Housing and Redevelopment Agency

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue Detail:** Excelerate Housing Group LLC (Developer) is requesting gap financing from the Agency in the amount of \$2,500,000 of City HOME funds for the acquisition, construction and permanent financing of the Project.

**Development:** Northview Pointe is a new construction development on 1.23 acres of land located at 2314 Northview Drive, Sacramento, 95833. The development consists of 67 units, including 66 studio units and one two-bedroom manager's unit. The manager's unit is not income restricted and the balance of units will be restricted to low-income households experiencing homelessness, and will be supported by 66 Project Based Vouchers (PBV). A vicinity map is included in Attachment 6, and renderings of the Project are included in Attachment 7.

The proposed project consists of three two-story garden apartment buildings developed around two common courtyard spaces, and all units open to the outside. All units and common areas will be furnished with a bed, mattress, table, and chair. Unit kitchens will include refrigerator with freezer combination, electric oven and range, and garbage disposal. All apartments will have high efficiency lighting and bathroom humidistat fans. Central air conditioning and forced air heat will be provided. Apartment kitchens will have wood construction cabinets, solid surface countertops, and stainless steel sinks. Microwave shelving will also be provided. All apartment bathrooms will have a vanity, and solid surface countertop with sink.

The common areas and amenities will include an on-site management office and offices for case managers and a resident services coordinator, a resident lounge/meeting room with TV and seating, a resident community room with full kitchen and a meeting/conference room, as well as landscaping including common hardscape and softscape courtyards. Buildings are planned with flat top roofs and parapets in order to provide a platform for solar photovoltaic arrays and mechanical equipment. Perforated metal screening around parts of the buildings will filter sunlight and provide shading in the interior common areas. The development will include 14 on-site, gated off-street parking spaces for staff and resident use.

**Project Based Vouchers:** The Agency awarded 66 PBV to house homeless households at Northview Pointe on June 18, 2021. All 66 subsidized households will pay 30 percent of their adjusted household income as rent and are subject to Tax Credit rents restricted at or below 50 percent Area Median Income (AMI).

**Developer:** Excelerate Housing Group LLC, or related entity, will serve as the Developer. The Developer is a for-profit company that was founded in 2019. While a relatively new developer, the principals have 35 years of collective experience developing approximately 3,000 units of affordable housing in Southern California with both nonprofit and for-profit developers.

**Property Management:** The Project will be managed by the John Stewart Company (JSCo). Currently, JSCo manages over 620 properties consisting of approximately 47,000 residential units, including approximately 39,000 affordable units and 945 permanent supportive housing units. Agency staff has reviewed JSCo's qualifications and the management plan, and has found that the proposed management company meets Agency requirements.



**Supportive Services:** Resident Services will be provided by HOPE Cooperative also known as TLCS, Inc.(TLCS), a leading provider of mental health and supportive housing services for people with mental health challenges in the County of Sacramento for 37 years. A minimum of 15 hours per week of on-site resident services will be provided by a full-time resident services coordinator. Resident services programs will include after-school programs, adult education, skill building classes and health and wellness services and programs.

Additionally, TLCS will dedicate three full-time Case Managers, and one full-time Resident Services Coordinator to the Project, which will be paid for using funds provided by the recently implemented California Advancing and Innovating Medi-Cal Initiative (CalAIM), which is administered by the California Department of Health Care Services (DHCS). CalAIM is a multi-year initiative by DHCS to improve the quality of life and health outcomes by implementing a broad delivery system, and program and payment reform across the Medi-Cal program. Agency staff has reviewed TLCS's qualifications and the resident services plan, and has found that the proposed resident services provider meets Agency requirements.

**Security Plan:** Agency staff has reviewed and approved the security plan which includes 20 hours of desk clerk coverage each day, and 24/7 on-call security patrol service. The property will have a secure perimeter and will be completely fenced. A keypad/fob entry system will be used for driveway access, with one drive entrance for emergency vehicles only. Surveillance cameras and exterior lighting will be used throughout the property.

**Project Financing:** The proposed financing of the Project includes tax-exempt bonds, tax credit equity, a Multifamily Housing Program loan from the California Department of Housing and Community Development, a deferred developer fee, and an Agency loan totaling \$2,500,000 of HOME funds to be used for the acquisition, construction and permanent financing of the Project. A Project Summary and Proforma are included as Attachments 8 and 9.

**Low-Income Set Aside Requirements:** As a condition of receiving tax credits, federal law requires that developments be set-aside for targeted income groups. Income restrictions from LIHTC financing require that 20 percent of the units have rents that are affordable to households with income up to 50 percent of the AMI. The Agency further requires at least 15 percent of the units to have rents that are affordable to households with income up to 50 percent AMI and at least 5 percent of the units have rents that are affordable to households with income up to 30 percent AMI, based on financial feasibility. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer. A schedule of maximum income and rents are included as Attachment 10.

Affordability requirements are summarized in the table below:

<b>Affordability Restriction (55 years)</b>	<b>Units</b>	<b>% of Units</b>
Extremely Low Income (25% AMI)	4	6%
Extremely Low Income (30% AMI)	30	45%
Very Low Income (40% AMI)	23	34%
Very-Low Income (50% AMI)	9	14%
Management Unit(s)	1	1%
<b>Total</b>	<b>67</b>	<b>100%</b>

**Policy Considerations:** The recommended actions are consistent with 1) the Agency's approved Multifamily Lending and Mortgage Revenue Bond Policies, Priority 2 - New Construction (Resolution No. 2019-0425 and Housing Authority Resolution No. 2019-022), and Priority 2(i), Permanent Supportive Housing and Homeless Housing; and 2) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415).

**Economic Impacts:** The Northview Pointe Apartments multi-family residential project is expected to create approximately 388 total jobs (219 direct jobs and 168 jobs through indirect and induced activities) and create \$33,136,428 in total economic output (\$20,198,717 of direct output and another \$12,937,710 of output through indirect and induced activities).

*The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

**Environmental Considerations:**

**California Environmental Quality Act:** The project has been found to be eligible for Ministerial approval through the City of Sacramento Ministerial Approval of Infill Housing Development Projects permit and is therefore not subject to California Environmental Quality Act review.

**National Environmental Policy Act:** An Environmental Assessment is being prepared pursuant to the National Environmental Policy Act regulations at 24 CFR Part 58 for the proposed project and the review will be completed prior to undertaking any choice-limiting action.

**Sustainability Considerations:** The proposed project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, these projects will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

**Commission Action:** *Sacramento Housing and Redevelopment Commission:* At its August 4, 2021 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

**Rationale for Recommendation:** The actions recommended in this report support the Agency's ability to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the Agency's approved Multifamily Lending and Mortgage Revenue Bond Policies, and the City of Sacramento's 2013-2021 Housing Element as part of Sacramento's 2035 General Plan.

**Financial Considerations:** The Agency loan for Northview Pointe is comprised of \$2,500,000 of HOME funds. The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds in the amount of 0.125 percent of the bond amount. The Agency will also receive a \$100 annual administrative fee for each HOME assisted unit. The total administrative fee will not exceed \$25,000 annually for the affordable units during the 40-year term. The Developer will be responsible for payment of all costs and fees relating to the bonds. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento.

**LBE - M/WBE and Section 3 requirements:** Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with the Agency's Section 3 Economic Opportunity Plan. The Developer and general contractor will work with the Agency's Section 3 Administrator, the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar entities, to promote employment opportunities.

Respectfully Submitted by:



LA SHELLE DOZIER  
Executive Director

**Attachments**

- 01-Description/Analysis
- 02-City Council Resolution – Conditional Loan Commitment
- 03-Exhibit A – Conditional Loan Commitment Letter
- 04-City Council Resolution - TEFRA
- 05-Housing Authority Resolution - Inducement
- 06-Vicinity Map
- 07-Project Renderings
- 08-Residential Project Summary
- 09-Cashflow Pro Forma
- 10-Maximum Income and Rent Limits 2021

## **RESOLUTION NO. 2021 -**

Adopted by the Sacramento City Council

**NORTHVIEW POINTE APARTMENTS (PROJECT): AUTHORIZATION TO AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET AND ALLOCATE UP TO \$2,500,000 IN HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS TO THE PROJECT; APPROVAL TO EXECUTE AN ACQUISITION, CONSTRUCTION AND PERMANENT LOAN COMMITMENT OF \$2,500,000 IN HOME PROGRAM FUNDS AND TO EXECUTE RELATED DOCUMENTS WITH EXCELERATE HOUSING GROUP LLC OR RELATED ENTITY; AND ENVIRONMENTAL FINDINGS**

### **BACKGROUND**

- A. On June 18, 2021, the Project was awarded 66 Project Based Vouchers by the Sacramento Housing and Redevelopment Agency (Agency) to benefit homeless households.
- B. On February 26, 2021, the Agency received a new construction development application from Excelerate Housing Group LLC for the Project located in the City of Sacramento. Excelerate Housing Group LLC also submitted a funding application to the Agency and the Housing Authority for the issuance of up to \$27,000,000 in tax exempt mortgage revenue bonds, and a gap financing loan of \$2,500,000 comprised of HOME Investment Partnerships Program (HOME) funds to assist in funding the acquisition, construction and permanent financing of the Project.
- C. The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2019-0452), priority 2. New Construction; b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415).
- D. The project has been found to be eligible for Ministerial approval through the City of Sacramento Ministerial Approval of Infill Housing Development Projects permit and is therefore not subject to California Environmental Quality Act review.
- E. An Environmental Assessment is being prepared pursuant to the National Environmental Policy Act regulations at 24 CFR Part 58 for the proposed project and the review will be completed prior to undertaking any choice-limiting action.

### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

**Section 2.** The Conditional Funding Commitment attached hereto as Exhibit A for financing of the Project with \$2,500,000 comprised of HOME program funds (Funding Commitment) is approved and the Agency is authorized to enter into the Funding Commitment with Northview Pointe LP, or related entity.

**Section 3.** Agency is authorized to enter into related documents, as approved to form by its Office of the General Counsel, and perform other actions the Agency deems necessary to fulfill the intent of the HOME funds, including without limitation, amendments, financial restructuring and extensions, consistent with its adopted policy and with this resolution.

**Section 4.** Agency is authorized to amend its budget and allocate an amount not to exceed \$2,500,000 comprised of HOME program funds to provide acquisition, construction and permanent financing for the Project.

**Table of Contents:**

**Exhibit A: Conditional Funding Commitment – Northview Pointe**



Effective Date: August 17, 2021

Dana Trujillo, President and CEO  
Northview Pointe LP  
3910 Cover Street  
Long Beach, CA 90808

RE: Conditional Loan Commitment for Northview Pointe

Dear Ms. Trujillo:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of \$2,500,000 in HOME Investment Partnerships Program funds for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Northview Pointe located at 2314 Northview Drive, Sacramento, California 95833 (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void.** Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this Commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this Commitment and the loan documents, the terms stated in this Commitment shall be deemed to be terms of this Commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This Commitment will expire February 17, 2023, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:** Northview Pointe is a new construction development on 1.23 acres of land located at 2314 Northview Drive, Sacramento, 95833. The development consists of 67 units including 66 studio units and 1 two-bedroom manager's unit. The manager's unit is not income restricted and the balance of units will be restricted to low-

income households experiencing homelessness, and will be supported by 66 Project Based Vouchers. The proposal consists of three two-story garden apartment buildings. The common areas and amenities will include an on-site management office and offices for case managers and a resident services coordinator, a resident lounge/meeting room with TV and seating, a resident community room with full kitchen, a meeting/conference room for staff and a break room for staff, storage for property management, services, and maintenance, as well as landscaping including common hardscape and softscape courtyards. The development will include 14 on-site, gated off-street parking spaces for staff and resident use.

2. **BORROWER:** The name of the Borrower for the Loan is Northview Pointe LP, a California limited partnership, or related entity as the lead development partner.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of the following:
  - a. Two Million Five Hundred Thousand Dollars and No Cents (\$2,500,000.00), or
  - b. an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 42 years or 504 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: HOME Investment Partnerships Program funds (HOME). This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.





9. **Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

\_\_\_\_\_ (Borrower Initial)

10. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$14,500,000 in Low Income Housing Tax Credit Equity and no less than \$1,300,000 in deferred developer fee. If LIHTC equity goes below \$14,500,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.
14. **OTHER FINANCING**: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
- a. As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the



- time necessary to fulfill all conditions precedent to funding of the permanent financing.
- b. Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
  - c. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
  - d. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.



19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS:** The Loan will require that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible.
22. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
23. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this Commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

24. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget



approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

25. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
26. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than twenty-four (24) months following the close of construction financing.
27. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
28. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
29. **PROPERTY INSURANCE:** Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than \$50,000.00.
30. **COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE:**  
Borrower shall carry insurance as set forth below effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times and work is performed in connection with the project. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the disbursement of the Loan.
  - a. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;





- b. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;
  - c. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Agency; and
  - d. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Agency, whichever amount is greater.
31. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
32. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
33. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
34. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
35. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements



by a third party which agreement is subject to Agency Approval. Project shall also include a minimum 20 hours per day of desk coverage, which may be modified with SHRA approval.

36. **AFFIRMATIVE FAIR MARKETING:** Borrower agrees to follow the Agency's Affirmative Marketing Policies that require outreach to groups least likely to apply for the housing based on local demographic information, providing sufficient marketing time prior to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and Borrower prior to the start of Lease Up.
37. **RESIDENT SERVICES AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include on-site resident services according to the following minimum schedule of fifteen (15) hours per week:
  - a. Coordinator: Four (4) hours per week (maximum)
  - b. Additional Programming: Balance of minimum eleven (11) hours per week shall include, but are not limited to:
    - i. Workforce development support and activities.
    - ii. Education classes such as nutrition, exercise, health resources, health insurance application assistance, Annual onsite health fair and ESL classes.
    - iii. Socialization activities such as bingo, gardening and community building events.
    - iv. Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.
38. **CASE MANAGERS:** Project shall provide a minimum of three (3) full-time case managers utilizing funds provided by California Advancing and Innovating Medi-Cal Initiative (CalAIM), administered by the California Department of Health Care Services, or similar funding source.
39. **LOW INCOME HOUSING TAX CREDITS (LIHTC):** Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
40. **SMOKE-FREE ENVIRONMENT:** 50% of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.
41. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.



42. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this Commitment, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this Commitment.
43. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
44. **ACCEPTANCE OF THIS COMMITMENT:** Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this Commitment at any time prior to Borrower's acceptance.

**Signatures appear on the following page.**



Sincerely,

La Shelle Dozier, Executive Director

The undersigned acknowledges and accepts the terms and conditions of the Commitment and Scope of Development and Rental Property Minimum Construction Standards (Exhibit 1), and has executed this Commitment as of the Effective Date.

**BORROWER:**

Northview Pointe LP, a California limited partnership

By: Northview Pointe GP LLC, a California limited liability company, its general partner

By:

Dana Trujillo, its President & CEO

**Attachments:**

Exhibit 1 - Scope of Development

Attachment 1 - Rental Property Minimum Construction Standards





## **Exhibit 1 - Scope of Development**

Northview Pointe is a new construction development on 1.23 acres of land located at 2314 Northview Drive, Sacramento, 95833. The development consists of 67 units including 66 studio units and 1 two-bedroom manager's unit. The manager's unit is not income restricted; the balance of units will be restricted to low-income households experiencing homelessness, and will be supported by 66 Project Based Vouchers.

The common areas and amenities will include an on-site management office and offices for case managers and a resident services coordinator, a resident lounge/meeting room with TV and seating, a resident community room with full kitchen, a meeting/conference room for staff and a break room for staff, storage for property management, services, and maintenance, as well as landscaping including common hardscape and softscape courtyards. Buildings are planned with flat top roofs and parapets in order to provide a platform for solar photovoltaic arrays and mechanical equipment. Perforated metal screening around parts of the buildings will filter sunlight and provide shading in the interior common areas. The development will include 14 on-site, gated off-street parking spaces for staff and resident use.

All work will comply with California Building Code and Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by funding sources. When there are differences, the stricter standard prevails. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer must indicate these funding requirements in the Project's plans/scope of work.

### **Building Exteriors:**

1. **Pavements:** the development will include 14 on-site off-street parking spaces for staff and resident use. There will be two (2) ADA parking spaces. The lot will be paved with asphalt, or similar hardscape.
2. **Balconies and Patios:** Residential units will not have private balconies or patios. All residential doors open to the outside. Ground floor common areas include hardscape and softscape courtyards, resident lounge/meeting room, and community room with a full kitchen.
3. **Site lighting:** The site will be lit with Title 24 compliant lighting for all parking and outside public spaces and will be of LED or similar energy efficiency type.
4. **Non-smoking:** The Project will comply with all funder requirements regarding smoking. No smoking is permitted inside resident units or common area facilities.
5. **Landscaping and Courtyard:** Landscaping is designed with drought tolerant plants and trees. Trees will be planted throughout the parking lot to meet City shading requirements. The



perimeter of the site will be fenced, and landscaping in the setbacks will include native grasses, flowering groundcover, trees, and rosebushes. Existing mature trees along the rear property line will be preserved consistent with the findings of the Certified Arborist Report. The softscape courtyard will be planted with native grass. The hardscape courtyard will be partially shaded by an overhead trellis and by trees in decorative above-ground planters.

6. **Picnic Area:** The landscaped courtyards have room for residents to sit outside. Resident services will have a barbecue for use in community events and programming.
7. **Swimming Pool:** None provided.
8. **Play Area:** None provided.
9. **Community Garden:** None provided.
10. **Exercise Path:** None provided. The site is near an existing network of parkways and off street trails, providing residents and resident services ample opportunity to lead walks.
11. **Mailboxes:** New mailboxes are located steps from the front pedestrian gate for easy access by residents, USPS, and management staff.
12. **Site Fencing:** The site will have a secure perimeter and will be 100% fenced. There will be one pedestrian gate that is only accessible with key fob or buzzer to management office only. The pedestrian gate will be closed at all times. There are two gated driveways. The southern driveway is a fire lane for emergency use only, and will be closed at all times. The northern driveway will be accessible via keyfob or buzzer to management office only, and will be closed at all times. There will be a pedestrian exit door adjacent to the parking lot, in compliance with code required egress. This door is exit only and will not have fob access from the outside. Perimeter fencing will be metal and/or CMU or similar.
13. **Stormwater:** The development will meet stormwater requirements through use of onsite drains, permeable surfaces, and bioswales located in the parking area and softscape courtyard.
14. **Roof:** Buildings are planned with flat top roofs and parapets in order to provide a platform for solar photovoltaic arrays and mechanical equipment. Buildings include cool roofs. Anticipated roofing material is Thermoplastic Polyolefin (PVC).
15. **Siding:** The building skin will be painted stucco. Accents include James Hardie vertical siding in blue mist, corrugated metal in light gray (portions of front façade only), and perforated corrugated metal screening on front elevation that provides transparency and privacy into the development common areas.



16. **Offsite Improvements:** Public offsite improvements will be determined by public agencies during the entitlement and permitting process.

## **II. Building Interiors**

1. **Americans with Disabilities Act (ADA) Units:** There will be 11 units with mobility accessibility features (15% of all units), and 7 units with communications features for persons with hearing or vision impairments (10% of all units).
2. **Non-smoking:** The project will have 50% non-smoking units. There will be a designated smoking area outside.
3. **Smoke Detectors:** All units, offices, and interior areas will have a smoke/carbon monoxide detectors installed in compliance with current code requirements.
4. **Appliances:** All units and common areas will be furnished with appliances. Unit kitchens will include refrigerator with freezer combination, electric oven and range, and garbage disposal. Common area kitchen will include the above features and a dishwasher. Staff break room will include a refrigerator, sink, and microwave. Dishwashers will not be provided because the units are efficiency studios. Manager's unit will include in-unit washer and dryer. All appliances will be Energy-Star or equivalent.
5. **Bathtubs and Toilets:** All apartments will have a bathtub or shower. All apartments will include bathroom sink, toilet and fixtures, and bath accessories.
6. **Doors (Interior, Exterior, and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks with keyed latch assemblies with either physical key or key fob access, viewers, and kickplates where applicable.
7. **Cabinet, Counters, and Sinks:** apartment kitchens will have modular all plywood or solid wood construction cabinets, solid surface countertops, and stainless steel sink. Microwave shelving will be provided (except in ADA units) either above the counter, or on the pantry shelving with electrical outlet for microwave. All apartment bathrooms will have a vanity, and solid surface countertop with sink.
8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. All windows will meet current egress standards. OSHA OPOS guidelines do not apply to two story buildings.
10. **Blinds:** blinds will be provided in all apartment windows.



11. **Electrical and Lighting:** All apartments will have high efficiency lighting and bathroom humidistat fans. Central air conditioning and forced air heat will be provided. Any exterior mounted electrical, mechanical and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls, attic spaces, and/or crawl spaces. Conduits are not allowed to be mounted on the exterior of the buildings.
12. **Flooring:** Apartment interiors will have vinyl flooring throughout.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.
14. **Furnishings:** All residential units will be fully furnished with bed, mattress, table, and chair.

### **III. Community Amenities**

1. **Management Office and Lobby:** The furnished management office and lobby will have energy efficient lighting, HVAC systems, and polished concrete floors.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** The two community restrooms on the first floor will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, bathroom accessories, and tile floors.
4. **Community Rooms located on the 1st Floor:** The community room, resident lounge, and conference rooms will have polished concrete flooring, energy efficient lighting, all furnishings and HVAC systems. The community room will be 715 square feet, resident lounge 175 square feet, and conference room 200 square feet. These spaces will be ADA compliant.
5. **Community Room Kitchen:** The community room kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, solid surface countertop, New Energy Star rated appliances (refrigerator, electric stove, electric oven, microwave, garbage disposal and dishwasher). Energy efficient lighting, HVAC system and water efficient plumbing fixtures will be installed.
6. **Elevator:** there will not be an elevator at this project, as the development is only two stories.
7. **Hallways Walkways and Stairs (open corridor style):** Residential hallways walkways and stairs will be of durable flooring with non-slip finish. Stairs will be located near the front and rear of the property. Stairs will have non-slip concrete treads, landings and closed risers. All hallway walkway floorings on first and second floor will be exterior and composed of durable materials with non-slip finish due to open corridor design.



8. **HVAC & Plumbing Systems:** Each apartment will have its own air conditioning and forced air heat with its own thermostat. Residential hallways will not have heating and air conditioning, due to open corridor ends designed to allow natural airflow. Stairwells will not have heating or air conditioning. Domestic hot water heating equipment will be electric. Bathroom exhaust fans will be humidistat controlled.
9. **Laundry Facility:** The two laundry rooms accommodate at least five (5) washers and five (5) dryers, which will include ADA accessible laundry machines pursuant to code requirements.
10. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage. The building name and address will be displayed in front of the building.
11. **Trash Room:** One trash chute and one recycle chute will be located on the second floor. A trash and recycle room is located on the ground floor within the building envelope with a concrete apron at the exterior for trash pick-up.
12. **Recycle:** One recycle chute will be located on the second floor, emptying into the ground floor trash and recycle room.
13. **Bicycle parking:** A minimum of thirty four (34) long-term and four (04) short-term bicycle parking will be provided. Long-term bicycle parking will be provided within the building on the ground floor, and short-term bicycle parking will be provided on the exterior of the building.
14. **Security Cameras:** there will be interior and exterior web-based security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.



**Attachment 1: Rental Property Minimum Construction Standards are on the following page.**

**Attachment 1: Lender's Minimum Construction Standards**

This attachment is from Exhibit 2 from the Lender's Multifamily Lending and Mortgage Revenue Bond Policies.

**RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS**

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

**Note:** For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

**Useful Life Expectancy – Rehabilitation only**

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

**General Requirements**

- A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.
- B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.
- C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.
- D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.
- E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.
- F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.
- G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.





### General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.
- B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.
- C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.
- D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

### Site Work

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.



### **Site Work – Rehabilitation only**

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

### **Building Envelope and Moisture Protection – Rehabilitation only**

- A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.
- B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer's warranty.
- C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.
- D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

### **Doors and Windows**

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California's currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.
- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely





without excessive effort.

- E. All doors and windows must meet current egress standards.

**Doors and Windows – Rehabilitation only**

- A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer's specifications. Retrofit windows must have a similar useful life as "new, construction" (i.e., nail fin) windows.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb beyond their useful life shall be replaced.

**Casework**

- A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.
- B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.
- C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

**Casework – Rehabilitation only**

- A. All cabinets shall be replaced or in very good condition, within their 15 year useful life, both structurally and in appearance.

**Finishes**

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.
- B. In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.
- C. Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

**Finishes – Rehabilitation only**

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.
- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

**Equipment**

- A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.



- B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
- C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

#### **Furnishings**

- A. Dwelling units must have window coverings on all windows.

#### **Special Construction**

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.
- C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

#### **Mechanical/Plumbing**

- A. Water heaters must be installed per current applicable codes.
- B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.
- C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.
- D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

#### **Mechanical/Plumbing – Rehabilitation only**

- A. All toilets, sinks, and tubs shall be chip and stain free.

#### **Electrical**

- A. All units must have smoke/carbon monoxide detectors installed per current code.
- B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.
- C. Broadband infrastructure meeting the requirements of 24 CFR 5.100\* is required in all new construction projects of 4 or more units.



*\*Broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

**Electrical – Rehabilitation only**

- A. All electrical panels shall meet current code.
- B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.
- C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.
- D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

**Resident Services Community Space**

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

**End of Scope of Development.**



## **RESOLUTION NO. 2021-**

Adopted by the Sacramento City Council

### **NORTHVIEW POINTE APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF EXCELERATE HOUSING GROUP LLC**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$27,000,000 (the "Obligations") and to lend the proceeds thereof to Excelerate Housing Group LLC (the "Developer") or a partnership of which the Developer or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, construction and development of a multifamily housing residential facility to be located at 2314 Northview Drive, in the City of Sacramento, California.
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice.
- C. A public hearing was held by the City Council on August 17, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard.
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$27,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

## **RESOLUTION NO. 2021 -**

Adopted by the Housing Authority of the City of Sacramento

### **NORTHVIEW POINTE APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Northview Pointe LP, or a limited partnership or a limited liability company related to or formed by Excelerate Housing Group LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 67-unit multifamily housing residential facility to be located at 2314 Northview Drive, Sacramento, California (the "Project").
- B. United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein.

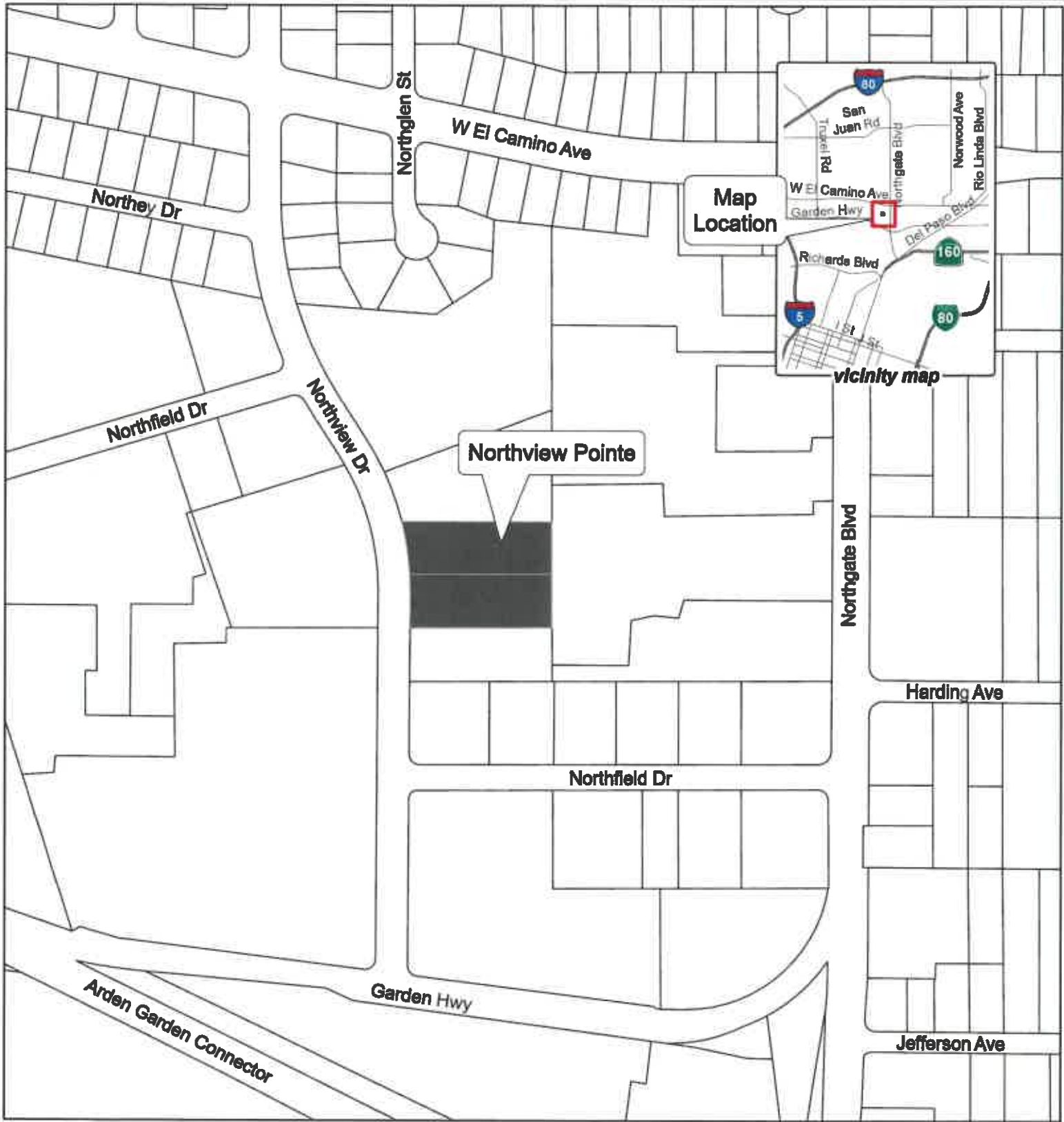
#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, construction and development of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$27,000,000.

- Section 4.** The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5.** The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, any fees required by the California Debt Limit Allocation Committee ("CDLAC") the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6.** The appropriate officers or the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC for an allocation of private activity bonds for the financing of the Project.
- Section 7.** The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Project.
- Section 8.** This resolution shall take effect immediately upon its adoption.



# Northview Pointe



■ Northview Pointe (2314, 2330 Northview Drive)

0      Feet      300  
         150

SHRA GIS  
June 17, 2021



**Northview Pointe - Project Renderings**





**Northview Pointe  
Residential Project Summary**

<b>Address</b>	2314 Northview Drive, Sacramento, CA 95833				
<b>Number of Units</b>	87				
<b>Year Built</b>	new construction				
<b>Acreage</b>	1.23				
<b>Unit Mix and Rents</b>	<u>25% AMI PBV</u>	<u>30% AMI PBV</u>	<u>40% AMI PBV</u>	<u>50% AMI PBV</u>	<u>Total</u>
Studio/0-bedroom	4	30	23	9	66
Management Unit (2 Bedroom exempt)					1
Total Units	4	30	23	9	67
<b>Square Footage (both locations)</b>		<u>Unit Size (sq. ft.)</u>	<u>Total (sq. ft.)</u>		
1 Bedroom/1 Bath		412	27,192		
Management Unit (2 Bedroom exempt)		750	750		
Common Areas		2,411	2,411		
Total Gross			30,353		
<b>Resident Facilities</b>	The common areas and amenities include: on-site management office, on-site offices and conference rooms for service provision by case managers and resident services coordinator, resident lounge/meeting room with television and seating, resident community room with full kitchen, bathroom, storage, seating.				
<b>Permanent Sources</b>		<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$	11,883,591	\$ 177,069	\$ 390.85	
Permanent Loan	\$	400,000	\$ 5,970	\$ 13.18	
MHP Loan	\$	11,531,664	\$ 172,114	\$ 379.92	
SHRA Loan	\$	2,500,000	\$ 37,313	\$ 82.38	
Deferred Developer Fee	\$	1,300,000	\$ 19,403	\$ 42.83	
<b>TOTAL SOURCES</b>	<b>\$</b>	<b>27,595,255</b>	<b>\$ 411,869</b>	<b>\$ 909.14</b>	
<b>Permanent Uses</b>		<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Acquisition	\$	352,500	\$ 5,261	\$ 11.61	
Construction Costs	\$	15,983,000	\$ 238,552	\$ 526.57	
Architecture & Engineering	\$	848,396	\$ 12,663	\$ 27.95	
Permits	\$	866,554	\$ 12,784	\$ 28.22	
Hard Cost Contingency	\$	740,000	\$ 11,045	\$ 24.38	
Soft Cost Contingency	\$	377,474	\$ 5,634	\$ 12.44	
Financing Cost	\$	2,474,308	\$ 36,930	\$ 81.52	
Operating Reserves	\$	335,826	\$ 5,012	\$ 11.06	
Transitional Operating Reserves	\$	480,000	\$ 7,164	\$ 15.81	
Legal Fees	\$	300,500	\$ 4,485	\$ 9.90	
Developer Fee	\$	3,500,000	\$ 52,239	\$ 115.31	
Third Party Fees, Marketing, Other	\$	1,346,699	\$ 20,100	\$ 44.37	
<b>TOTAL USES</b>	<b>\$</b>	<b>27,595,255</b>	<b>\$ 411,869</b>	<b>\$ 909.14</b>	
<b>Leverage</b>		<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$	37,313	\$ 411,869	\$1.00 :	\$11.04
<b>Management / Operations</b>					
Proposed Developer			Excelerate Housing Group		
Property Management Company			John Stewart Company		
Operating Expenses	\$	439,716.00	\$ 6,563	per unit	
Property Management Fee	\$	68,901.00	\$ 1,028	per unit	
Resident Services	\$	53,561.00	\$ 799	per unit	
Security Services	\$	5,305.00	\$ 79	per unit	
Replacement Reserves	\$	33,500.00	\$ 500	per unit	
Taxes and Insurance	\$	60,239.00	\$ 899	per unit	



**MAXIMUM GROSS INCOME AND RENT LIMITS 2021**  
**Low Income Housing Tax Credits, Bonds, HOME**

**Northview Pointe Apartments**

**Maximum Gross Income Limits**

<b><u>Family Size</u></b>	<b><u>25% AMI</u></b>	<b><u>30% AMI</u></b>	<b><u>40% AMI</u></b>	<b><u>50% AMI</u></b>
1 person	\$ 15,875	\$ 19,050	\$ 25,400	\$ 31,750
2 person	\$ 18,125	\$ 21,750	\$ 29,000	\$ 36,250

**Rent Limits<sup>1</sup>**

<b><u>Unit Size</u></b>	<b><u>25% AMI</u></b>	<b><u>30% AMI</u></b>	<b><u>40% AMI</u></b>	<b><u>50% AMI</u></b>
Studio	\$ 397	\$ 476	\$ 635	\$ 793

<sup>1</sup>Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits. The tenant rent will not exceed 30% of the household adjusted gross income with PBV.

## RESOLUTION NO. SHRC-\_\_\_\_\_

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

**August 4, 2021**

**NORTHVIEW POINTE APARTMENTS (PROJECT): AUTHORIZATION TO AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (AGENCY) BUDGET AND ALLOCATE UP TO \$2,500,000 IN HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS TO THE PROJECT; APPROVAL TO EXECUTE AN ACQUISITION, CONSTRUCTION AND PERMANENT LOAN COMMITMENT OF \$2,500,000 IN HOME PROGRAM FUNDS AND TO EXECUTE RELATED DOCUMENTS WITH EXCELERATE HOUSING GROUP LLC OR RELATED ENTITY; AND ENVIRONMENTAL FINDINGS**

**WHEREAS**, on June 18, 2021, the Project was awarded 66 Project Based Vouchers by the Sacramento Housing and Redevelopment Agency to benefit homeless households; and

**WHEREAS**, on February 26, 2021, the Agency received a new construction development application from Excelerate Housing Group LLC for the Project located in the City of Sacramento. Excelerate Housing Group LLC also submitted a funding application to the Agency and the Housing Authority for the issuance of up to \$27,000,000 in tax exempt mortgage revenue bonds, and a gap financing loan of \$2,500,000 comprised of HOME Investment Partnerships Program (HOME) funds to assist in funding the acquisition, construction and permanent financing of the Project.

**WHEREAS**, the recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2019-0452), priority 2. New Construction; b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415).

**WHEREAS**, the project has been found to be eligible for Ministerial approval through the City of Sacramento Ministerial Approval of Infill Housing Development Projects permit and is therefore not subject to California Environmental Quality Act review.

**WHEREAS**, an Environmental Assessment is being prepared pursuant to the National Environmental Policy Act regulations at 24 CFR Part 58 for the proposed project and the review will be completed prior to undertaking any choice-limiting action.

**BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:**

**Section 1.** All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Northview Pointe Apartments: Authorization To Amend The Sacramento Housing And  
Redevelopment Agency Budget And Allocate Up To \$2,500,000 In Home Investment  
Partnerships Program Funds To The Northview Pointe Apartments  
Page 2

Section 2. The Conditional Funding Commitment attached hereto as Exhibit A for financing of the Project with \$2,500,000 comprised of HOME program funds (Funding Commitment) is approved and the Executive Director, or her designee, is authorized to enter into, execute and amend the Funding Commitment with Excelerate Housing Group LLC, or related entity.

Section 3. The Executive Director, or her designee, is authorized to enter into, execute and amend other documents as she deems necessary, as approved to form by SHRA's Office of the General Counsel, as well as perform other actions necessary to fulfill the intent of the Loan Commitment in accordance with its terms, and to ensure proper repayment of the SHRA funds, including without limitation, loan restructuring, subordination, and extensions consistent with SHRA's adopted policy and with this resolution.

Section 4. SHRA is authorized to amend its budget and allocate an amount not to exceed \$2,500,000 comprised of HOME program funds to provide acquisition, construction and permanent financing for the Project.

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CHAIR

ATTEST:

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CLERK



August 4, 2021

**Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

**Approval of Loan Documents for the 4995 Stockton Boulevard Affordable  
Housing Development**

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by  
the Sacramento City Council.

**Respectfully Submitted**

  
LA SHELLE DOZIER  
Executive Director

**Attachment**



**REPORT TO CITY COUNCIL**  
**City of Sacramento**  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Business**  
**August 17, 2021**

**Honorable Mayor and Members of the City Council**

**Title: Approval of Loan Documents for the 4995 Stockton Boulevard Affordable Housing Development**

**Location/Council District: 4995 Stockton Boulevard, District 6**

**Recommendation:** Adopt a City Council Resolution: a) approving the \$5 million Acquisition, Construction, and Permanent Loan Agreement comprised of \$4 million in Housing Trust Funds (HTF) and \$1 million in Mixed Income Housing Funds and related documents between Sacramento Housing and Redevelopment Agency (SHRA) and Mercy Housing California 105, L.P., (Mercy Housing California), or related entity (Developer) for the 4995 Stockton Boulevard affordable housing development (Project) (Loan Documents); b) authorizing SHRA to execute and transmit the Loan Documents to the Developer and perform other actions; c) authorizing SHRA to amend its budget and transfer \$4 million in HTF and \$1M in MIHF to the Developer for the purpose of early acquisition, demolition and permanent financing of the Project in accordance with the Loan Documents; d) authorizing SHRA to subordinate the SHRA loan to senior loans; and e) environmental and related findings.

**Contact:** Christine Weichert, Director, (916) 440-1353, Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

**Presenter:** Anne Nicholls, Management Analyst, (916) 440-1353, Sacramento Housing and Redevelopment Agency

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue Detail:** On July 30, 2020, the Developer and the seller of 4995 Stockton Boulevard (Property) entered into a Purchase and Sale Agreement (PSA). All PSA extensions have been exhausted and will expire on September 17, 2021.

On May 11, 2021, the City Council (Council) adopted Resolution No. 2021-0114 and approved a \$15 million Loan Commitment comprised of \$5 million from the City General

Fund and \$5 million in Measure U Funds, collectively, City funds (Revolving Loan Fund 2029), \$4 million in HTF and \$1 million in MIHF from SHRA to the Developer for the purpose of financing the acquisition, construction and permanent financing of the 4995 Stockton Boulevard affordable housing development (Project) (Loan Commitment).

The Developer has requested to utilize \$5 million of the \$15 million in committed loan funds towards early acquisition, closings costs, demolition of existing structures on the Property and permanent financing. Subject to Council approval of this resolution and successful closing prior to September 17, 2021, the Developer will have complete site control prior to the expiration date of the PSA. Following successful award of tax credits and tax exempt bonds, SHRA staff will return to Council for approval of the final loan documents for the remaining \$10 million in committed loan funds for the construction and permanent financing of the Project.

Development: The Developer is proposing to construct 198 affordable units for families and two exempt management units on a 7.76-acre site on Stockton Boulevard, north of Fruitridge Road. The construction costs reflect the varied architectural and engineering design features and styles of the four-story elevator building with offices and community space on the ground floor and apartments on the upper three floors; nine three-story walk-up buildings; and 13 two-story townhomes. The proposed development includes 47 one-bedroom, 95 two-bedroom, and 58 three-bedroom units. Each unit will have a full kitchen with a dishwasher, stove, and refrigerator; be prewired for high-speed internet/TV; and contain high quality finishes and low/no volatile organic compound materials.

Community amenities will include a 1,600 sq. ft. community room, with a kitchen, a computer area and conference rooms. There will be two community restrooms available. The property will have barbeque and seating areas and play equipment appropriate for ages two to five and ages six to twelve. The Vicinity Map, Site Plan and Project Rendering are included as Attachments 4, 5 and 6.

Developer: Mercy Housing California, or related entity, will serve as the Developer. The Developer is a non-profit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income individuals in California. Mercy Housing has developed more than 11,000 affordable homes, including over 8,000 rental units and 3,000 homeownership units. Their portfolio includes 20 properties with over 1,400 units in Sacramento County. The Developer is qualified to undertake this new construction project given their long and successful history of affordable housing development.

Property Management: The Project will be managed by Mercy Housing Management Group, an affiliate of the Developer. The Property Management Agent manages more than 220 properties nationally comprised of over 11,000 affordable housing units, including over 100 properties in California. The management plan has been reviewed and approved by SHRA staff. The Developer will participate in the Stockton Boulevard Partnership Property Business Improvement District, which will provide the majority of its security services. In the event that additional security is needed, it will be provided by Mercy Housing.



**Resident Services:** Resident services will be provided by Mercy Housing California. The resident services staff will include one full-time and one part-time Resident Services Coordinator, exceeding SHRA's minimum requirements for a project of this size. Resident services will include programming to support housing stability, financial literacy, life skills, and after school programs. SHRA staff has reviewed Mercy Housing's qualifications and the resident services plan, and has found that the proposed resident services provider and resident services plan meet SHRA requirements.

**Project Financing:** In addition to the SHRA and City-funded loan, the Project will be financed with four percent Low Income Housing Tax Credits (LIHTC), State Tax Credits, tax-exempt bond financing, tax-exempt permanent loan, deferred developer fee, general partnership contribution and fee waivers.

**Low-Income Set-Aside Requirements:** As a condition of receiving LIHTC and the benefits of tax-exempt bond financing, federal law requires that units be set aside for targeted income groups. The Developer intends to elect the Average Income LIHTC set-aside and the income restrictions for the tax-exempt bond financing that requires 40 percent of the units have rents affordable to households with income up to 60 percent of Area Median Income (AMI). SHRA further requires at least 15 percent of the units have rents that are affordable to households with income up to 50 percent AMI and at least 5 percent of the units have rents that are affordable to households with income up to 30 percent AMI, based on financial feasibility.

Project affordability restrictions will be specified in regulatory agreements with the Developer. The Project Summary and Proforma are included as Attachments 7 and 8, and a schedule of Maximum Income and Rent Limits is included as Attachment 9. These anticipated sources and their affordability requirements are summarized in the following table:

**4995 Stockton Boulevard Affordable Housing Development**

<b>Affordability Restrictions (55 years)</b>	<b>Units</b>	<b>% of Units</b>
Extremely Low Income (30% AMI)	27	13%
Very-Low Income (50% AMI)	71	35%
Low Income (60% AMI)	51	26%
Moderate Income (70% AMI)	49	25%
Management Unit (Exempt)	2	1%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Policy Considerations:** The recommended actions are consistent with: 1) SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, priority level 2(iii) - New Construction and Conversion of Non-Residential to Residential Use for Workforce Housing (Resolution No. 2019-0425 and Housing Authority Resolution No. 2019-022); and 2) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415).

**Economic Impacts:** This multifamily residential project is expected to create 755.86 total jobs (424.34 direct jobs and 331.52 jobs through indirect and induced activities)

and create \$66,303,386 in total economic output (\$40,747,278 of direct output and another \$25,556,108 of output through indirect and induced activities).

*The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN Input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

**Environmental Considerations:**

California Environmental Quality Act: The project has been found to be eligible for Ministerial approval through the City of Sacramento Ministerial Approval of Infill Housing Development Projects permit and is therefore not subject to California Environmental Quality Act review.

**Sustainability Considerations:** The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, the project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element – Strategies and Policies for Conserving Energy Resources – Climate Action Plan, subsection 7.2: improving the energy efficiency in new buildings; and b) Environmental Resources - Air Quality and Climate Change subsection 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed-use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

**Commission Action:** *Sacramento Housing and Redevelopment Commission:* At its August 4, 2021 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

**Rationale for Recommendation:** The Project is consistent with the approved SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, Subsection 2(iii) New Construction and Conversion of Non-Residential to Residential Use for Workforce Housing; and the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415).

**Financial Considerations:**

The total committed loan funds from SHRA to the Developer is \$15 million, which is comprised of \$4 million in HTF, \$1 million in MIHF and \$10 million in City funds for the Project.

SHRA Loan to Developer: The \$5 million loan in HTF and MIHF from SHRA to the Developer will have a term of 57 years and three percent interest rate. SHRA will receive an annual payment for monitoring the regulatory restrictions and administration of the loan programs in the amount of 0.125 percent of the loan amount. SHRA will also receive a \$100 annual administrative fee for each assisted unit under the Funding Program. The total administrative fee will not exceed \$15,000 annually for the affordable units during the regulatory agreement term.

City Loan to SHRA: The \$10 million loan in City funds from the City to SHRA will remain with the City until all other funds have been awarded and construction can commence. Following successful award of tax credits and tax exempt bonds, SHRA staff will return to Council for approval of the final loan documents for the \$10 million in City funds for the construction and permanent financing of the Project.

**LBE - M/WBE and Section 3 requirements:** Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and general contractor will work with SHRA's Section 3 Administrator, the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar entities, to promote employment opportunities.

Respectfully Submitted by:



LA SHELLE DOZIER  
Executive Director

**Attachments**

- 1-Description/Analysis
- 2-City Council Resolution
- 3-Exhibit A to Resolution: Loan Documents
- 4-Vicinity Map
- 5-Site Plan
- 6-Project Rendering
- 7-Residential Project Summary
- 8-Cash Flow Proforma
- 9-Maximum Income and Rent Limits

## **RESOLUTION NO. 2021 -**

**Adopted by the Sacramento City Council**

on date of

### **4995 STOCKTON BOULEVARD PROJECT: APPROVAL TO EXECUTE LOAN AGREEMENT AND RELATED DOCUMENTS BETWEEN SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA) AND MERCY HOUSING CALIFORNIA 105, L.P., A CALIFORNIA LIMITED PARTNERSHIP, (MERCY HOUSING CALIFORNIA), OR RELATED ENTITY; AMEND SHRA BUDGET; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS**

#### **BACKGROUND**

- A. On July 30, 2020, Mercy Housing California 105, L.P., (Mercy Housing California), or related entity (Developer) and the seller of 4995 Stockton Boulevard (Property) entered into a Purchase and Sale Agreement (PSA). All PSA extensions have been exhausted and will expire on September 17, 2021.
- B. On May 11, 2021, the City Council (Council) adopted Resolution No. 2021–0114 and approved a \$15 million Loan Commitment comprised of \$5 million from the City General Fund and \$5 million in Measure U Funds, collectively, City funds (Revolving Loan Fund 2029), \$4 million in Housing Trust Funds (HTF) and \$1 million in Mixed Income Housing Funds (MIHF) from SHRA to the Developer for the purpose of financing the acquisition, construction and permanent financing of the 4995 Stockton Boulevard affordable housing development (Project) (Loan Commitment). The Project includes 198 affordable units for families and two management units.
- C. The Developer has requested to utilize \$5 million of the \$15 million in committed loan funds towards early acquisition, closings costs, demolition of existing structures on the Property and permanent financing. Subject to Council approval of this resolution and successful closing prior to September 17, 2021, the Developer will have complete site control prior to the expiration date of the PSA. Following successful award of tax credits and tax exempt bonds, SHRA staff will return to Council for approval of the final loan documents for the remaining \$10 million in committed loan funds for the construction and permanent financing of the Project.
- D. The project has been found to be eligible for Ministerial approval through the City of Sacramento Ministerial Approval of Infill Housing Development Projects permit and is therefore not subject to California Environmental Quality Act review.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

**Section 2.** The \$5 million Acquisition, Construction, and Permanent Loan Agreement comprised of \$4 million in HTF and \$1 million in MIHF and related documents between SHRA and Developer of the Project (Loan Documents) that accompanies this resolution as Exhibit A is approved.

**Section 3.** SHRA is delegated authority to enter into, execute and transmit the Loan Documents to the Developer, and enter into and execute other documents, as approved to form by SHRA's Office of the General Counsel, and perform other actions necessary to fulfill the intent of the Loan Documents that accompany this resolution, in accordance with its terms, and to ensure proper repayment of the HTF and MIHF loan funds, including without limitation, loan restructuring, subordination and extensions, consistent with SHRA's adopted policies and with this resolution.

**Section 4.** SHRA is authorized to amend its budget, and transmit \$4 million in HTF and \$1 million in MIHF to the Developer for the purpose of assisting the Developer with early acquisition, closings costs, demolition of existing structures on the Property and permanent financing of the Project in accordance with the Loan Documents that accompany this resolution.

**Section 5.** SHRA finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, SHRA is authorized to subordinate the SHRA loan to senior loans.

**Section 6.** This resolution shall take effect immediately upon its adoption.

**Table of Contents:**

Exhibit A: Loan Documents

**ACQUISITION, CONSTRUCTION AND PERMANENT LOAN AGREEMENT  
4995 STOCKTON BOULEVARD AFFORDABLE HOUSING DEVELOPMENT PROJECT**

IN CONSIDERATION of their mutual promises, the parties agree as follows:

1. **LOAN.** Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement. Lender and Borrower have entered this Loan Agreement as of the Effective Date.
2. **DEFINITIONS TABLES.** The capitalized terms in this Loan Agreement shall have the meanings assigned in the following Definitions Tables and in Section 3 Definitions. Terms being defined are indicated by quotation marks. If an item in the Definitions Table is marked "None", "Not Applicable", "N/A" or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan as the context may indicate.

A. "LOAN INFORMATION" The general loan provisions of the Loan:	
"EFFECTIVE DATE"	September 1, 2021   The date as of which this Loan Agreement shall be effective.
"LENDER"	The following public agency that is making the Loan, and whose legal status and address are:
Name	Sacramento Housing and Redevelopment Agency
Legal Status	A joint powers agency
Principal Address	801 12th Street, Sacramento CA 95814
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:
Name	Mercy Housing California 105, L.P.
Legal Status	a California limited partnership
Principal Address	2512 River Plaza Drive, Suite 200 Sacramento, CA 95833
"LOAN"	The Loan made by this Loan Agreement.
"LOAN COMMITMENT"	Lender's loan commitment, made by letter dated as of   May 11, 2021
"LOAN PROGRAM"	Four Million Dollars and No Cents (\$4,000,000.00) in City Housing Trust Funds (HTF) and One Million Dollars and No Cents (\$1,000,000.00) in Mixed Income Housing Funds (MIHF)
"LOAN AMOUNT"	Five Million Dollars and No Cents (\$5,000,000.00)
"INTEREST RATE"	The interest rate is 3% per year, simple interest.
"MATURITY DATE"	The first day of the 684th calendar month following the Effective Date, September 1, 2078.

"PAYMENT SCHEDULE"	<p>Annual principal and interest payments shall be deferred during the initial 15 years or 180 months after conversion to permanent financing and thereafter made according to the structured payment schedule contained in the loan agreement made between Lender and Borrower for the purposes of converting this Loan to permanent financing for the Project (the "Permanent Loan"), and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.</p> <p>If Lender and Borrower either (1) agree in writing that they will not enter into a Permanent Loan agreement, or (2) do not enter into a Permanent Loan agreement within 18 months of the Effective Date, or additional time as may be mutually agreed to by Lender and Borrower in writing, then Borrower shall return the full Loan Amount to Lender within sixty (60) days and no interest shall be owed.</p> <p>At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding and mutually agreed upon funding of all Project reserves, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Lender, the Lender shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Lender loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the Project.</p>	
"BORROWER EQUITY"	N/A	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
	N/A	Which is Borrower's non-cash contribution to the Project (such as deferred Developer fees).
"SPECIAL TERMS"	N/A	
"PROJECT"	Which is the Project to be developed on the Property with the Loan funds, described as:	<p>After Mercy secures sufficient additional financing for construction of the Project, 4995 Stockton Boulevard will consist of 200 newly constructed units of rental housing for families on a 7.76-acre site within a four-story elevator service building with offices and community space on the ground floor and apartments on the upper three floors, nine three-story walk up buildings, and 13 two-story townhomes. The development includes 47 one-bedroom, 95 two-bedroom, and 58 three-bedroom units. Each apartment will contain full kitchens with a dishwasher, stove, refrigerators, prewired for high speed internet/TV, high quality finishes and low/no volatile organic compound materials. Community amenities will include a 1,600 sq. ft. community room, a computer area, conference rooms, laundry facility, two playgrounds and barbecue/picnic areas.</p>

<b>B. "COLLATERAL." The Collateral securing repayment of the Loan, which Collateral consists of the following:</b>		
"PROPERTY"	The following described real property, which is security for the Loan and the site of the Project:	
Address	4995 Stockton Boulevard, Sacramento, CA 95820	
Assessor's Parcel Number	023-0026-026-0000	
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in <b>Exhibit 1: Legal Description</b> attached and incorporated by reference.	
Borrower's Title Interest	Borrower has fee interest in the Property or, if the Additional Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow.	



<b>"ADDITIONAL COLLATERAL"</b>	The Additional Collateral securing repayment of the Loan is any additional security required by Lender under this Loan Agreement, including without limitation the following items, if any	
<b>"PERSONAL PROPERTY"</b>	Borrower's interest in the following personal property, tangible and intangible, and all other such property listed as security in this Loan Agreement:	Materials and supplies for the Project
<b>OTHER ADDITIONAL COLLATERAL</b>	Borrower's interest in the following property:	None

**C. "ESCROW INFORMATION":**

<b>"Title Company" and "Escrow Agent"</b>	Fidelity National Title Insurance Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow.
<b>"Escrow"</b>	The escrow with Escrow Agent	
<b>"Closing Date"</b>	September 8, 2021	Which is the date for close of the Escrow, as it may be extended.

**D. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):**

EXHIBIT	DEFINED TERM
<b>Exhibit 1: Legal Description</b>	"Legal Description"
<b>Exhibit 2: Scope of Development</b>	"Scope of Development"
<b>Exhibit 3: Notes</b>	Collectively, the "Note" or "Notes"
<b>Exhibit 3A: HTF Note</b>	
<b>Exhibit 3B: MIHF Note</b>	
<b>Exhibit 4: Trust Deed Form</b>	Collectively, the "Trust Deed" or "Trust Deeds"
<b>Exhibit 4A: HTF Deed</b>	
<b>Exhibit 4B: MIHF Deed</b>	
<b>Exhibit 5: Regulatory Agreement</b>	"Regulatory Agreement"
<b>Exhibit 6: Escrow Instructions</b>	"Escrow Instructions"
<b>Exhibit 7: Funding Requirements</b>	"Funding Requirements"
<b>Exhibit 7A: HTF Funding Requirements</b>	
<b>Exhibit 7B: MIHF Funding Requirements</b>	

**E. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval:**

Construction Agreements for the Project
Architectural Agreement for the Project
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws
"Budget" for the Project
Evidence of financing as described in this Loan Agreement
Plans and Specifications as defined in this Loan Agreement

**F. "ASSIGNED DOCUMENTS" Borrower shall assign the following documents to Lender:**

Construction Contracts
Architectural Contracts

**G. "CONSTRUCTION INFORMATION":**

<b>"Completion Date"</b>	September 30, 2022	Which is the date on or before which the Completion of the Project demolition must occur.
<b>"General Contractor"</b>	[TBD]	Which is the general contractor for the demolition of the Project. Subsequent to tax credit award, the General Contractor for the construction of the Project is subject to change following Borrower's written notice to and approval by Lender.

"Project Architect"	Mogavero Architects	Which is the architect for design of the Project following tax credit award, prior to close of construction financing
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**II. "SPECIAL PROVISIONS"** The following special provisions shall be in addition to the provisions of this Loan Agreement:

1. Lender shall disburse \$4,500,000.00 of the Loan Amount for acquisition of the Property and approximately \$50,000 for Project closing costs at Close of Escrow. The remaining Loan Amount (the "Hold Back") shall be disbursed from time to time by Lender to Borrower as provided by this Special Provision for costs actually incurred for work actually performed related to Project construction, including without limitation, demolition. Borrower shall submit for Lender's approval not more often than once per month, invoices in form and substance satisfactory to Lender which itemizes, identifies and summarizes each cost Borrower seeks disbursement for from the Hold Back. No later than twenty (20) days after Lender's receipt of an invoice, Lender shall either: (i) notify Borrower in writing of its disapproval of such particular invoice in whole or in part; or (ii) make a disbursement in whole or in part from the Hold Back to Borrower. Lender's approval of items contained in such invoices shall be given or withheld in Lender's sole and absolute discretion. For the avoidance of doubt, in no event shall Borrower receive disbursements for any costs incurred in excess of the Hold Back.
2. Borrower shall assure that the Property is not used, in whole or in part, for any Disapproved Use. A "Disapproved Use" of the Property is any use other than the Approved Uses, and includes, but is not limited to a liquor store/bar, adult store/film, veterinarian office/kennel, funeral, video arcade/pool hall, bowling alley, music, dancing, manufacturing, repair facility, vehicle related, service stations, hazardous materials, storage or warehousing facilities, tattoo and/or piercing establishment, pawn shop, check cashing or paycheck advance business, passive activity (e.g., switching station), nuisances, and/or medical marijuana.
3. Borrower shall assure that the residential space on the Property is used as a residential property available for rent.
4. Loan funds shall be used solely for actual costs of Property acquisition, not to exceed \$4,500,000.00, Project closing costs, Project construction, including without limitation demolition of existing structures located on the Property as of the date of this Agreement, and Project permanent financing. No Loan funds shall be used for predevelopment costs, except as provided in an approved Lender budget. Unless otherwise noted in the budget, predevelopment costs are not subject to withholding as Retention.

3. **DEFINITIONS.** Terms not defined in this Loan Agreement shall have the definitions assigned in the Trust Deed. As used in this Loan Agreement, the following terms shall have the following meanings:

3.1. "Budget" is the budget approved by Lender for the development of the Project.

3.2. "California Environmental Quality Act" or "CEQA" is established in the California Public Resources Codes § 21000 et seq. and is applicable to private activities requiring discretionary governmental approvals (Pub. Res. Code §210001.1, 21001, 21080 and 14 California Code of Regulations § 15002(c).

3.3. "Change" means any extra work or installation of materials not included in the Plans and Specifications or any change in or deviation from the Plans and Specifications.

3.4. "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

3.5. "Completion of the Project" means that, in Lender's sole judgment the Project has been constructed, rehabilitated, completed, equipped, and furnished in a good and proper manner in accordance with the Plans and Specifications, the Scope of Development and the Budget as approved by Lender; all notices of completion with respect to the Project have been filed and all statutory lien periods have expired; all costs of constructing the Project have been paid, including, without limitation, interest on the Note which may be due prior to the Completion Date; all necessary certificates of occupancy have been issued; and all of the conditions to final disbursement of the Loan have been satisfied.

3.6. "Environmental Review" means the investigation and analysis of the Project's impacts on the environment as may be required by CEQA and/or National Environmental Policy Act (NEPA), or of the Project's impacts on any species of plant or animal listed as a species of concern, or a threatened or endangered species under California or federal laws or regulations.

3.7. "Escrow" is the escrow with Title Company for the closing of the Loan.

3.8. "Escrow Instructions" means the Escrow Instructions for the Escrow signed by each of the parties to this Loan Agreement.

3.9. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Trust Deed, the Note, the Regulatory Agreement and any other instrument which is incorporated in this Loan Agreement or which otherwise secures the repayment of the Loan.

3.10. "Financial Statements" means the certified financial statements of Borrower (and any other persons on whose financial capacity Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

3.11. "Fixtures" means all fixtures located on or within the Project or now or later installed in or used in connection with any of the Project, including, as applicable and without limitation, all partitions, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, built-in refrigerators, and gas and electric machinery, appurtenances, and equipment, whether or not permanently affixed to the Project.

3.12. "General Contractor" means the general contractor named by Borrower in its application or supporting documents as the general contractor to do the Project, or any other general contractor so designated by Borrower and approved in writing in advance by Lender.

3.13. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

3.14. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

3.15. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

3.16. "Loan Agreement" means this Construction and Permanent Loan Agreement, all exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

3.17. "Loan Documents" means the Note, this Loan Agreement, the Security Documents, the Regulatory Agreement, and all other documents (including guaranties, if any) evidencing, securing, or relating to the Loan.

3.18. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

3.19. "Loan Proceeds" means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

3.20. "Mitigation Measure(s)" means those feasible measures, actions, or features that are to be incorporated into the Project in order to avoid or substantially reduce the Projects significant impact on the environment.

3.21. "National Environmental Policy Act" or "NEPA" contains the federally required procedures to review and analyze the effect and impact of the Project on the environment as applied to the Project under 24 Code of Federal Regulations Parts 50 and 58 et seq.

3.22. "Note" means that certain promissory note evidencing the Loan and attached hereto as Exhibit 3.

3.23. "Other Lender Draw" means a draw request or other request for disbursement submitted to another lender for the Project.

3.24. "Person" means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

3.25. "Personalty" means, whether or not listed as Additional Collateral, all of Borrower's interest in all accounts, contract rights, and general intangibles (specifically including any insurance proceeds and condemnation awards) arising out of the ownership, development, or operation of the Property, and all furniture, furnishings, equipment, machinery, construction materials and supplies, leasehold interests in personal property, and all other personal property (other than Fixtures) of Borrower now or later located about the Property, together with all present and future attachments, accessions, replacements, substitutions, and additions, and the cash and noncash proceeds.

3.26. "Plans and Specifications" means the final set of architectural, structural, mechanical, electrical, grading, sewer, water, street, and utility plans and specifications for the Project, including all supplements, amendments, and modifications to be provided by Borrower and approved by Lender prior to close of construction financing.

3.27. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

3.28. "Project" means the development of the Property in accordance with the Plans and Specifications including, without limitation, all existing buildings, improvements, and appurtenances on the Property, all work of demolition and rehabilitation to be conducted on the Property, and all improvements, additions, and replacements constructed or placed at any time on the Property.

3.29. "Security Documents" means the Trust Deed, together with all other documents entered into between Borrower and Lender or by Borrower in favor of, or for the benefit of, Lender that recite that they are to secure the Loan.

3.30. "Title Policy" means the title insurance policies to be issued in connection with this Loan, as further defined in the Escrow Instructions.

3.31. "Trust Deed" means that certain Deed of Trust and Assignment of Rents between Borrower, as trustor, Lender, as beneficiary, and trustee which secures the Note and is attached hereto as Exhibit 4.

3.32. "Unavoidable Delay" is a delay in the performance by a party of any obligation which delay is unforeseeable and beyond the control of such party and without its fault or negligence. Unavoidable Delay shall include acts of God, acts of the public enemy, acts of the Federal Government, acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes) or delays of subcontractors due to such causes. In the event of the occurrence of any such enforced delay, the time or times for performance of such obligations of the parties shall be extended for the period of the enforced delay, as determined by Lender, provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after it has or should have knowledge of any such enforced delay, have first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the enforced delay.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Close of Escrow, as follows:

4.1. **LEGAL ORGANIZATION.** Borrower is duly formed and validly exists in the form stated in Section 2 hereof, is qualified to do business in California, and has full power to consummate the transactions contemplated.

4.2. **BORROWER'S POWERS.** Borrower has full authority to execute this Loan Agreement, the Note, the Trust Deed, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

4.3. **BINDING OBLIGATION.** This Loan Agreement, the Note, the Trust Deed, and each of the other Loan Documents constitute a legal and binding obligation of, and are valid and enforceable against, each party other than Lender, in accordance with the terms of each.

4.4. **LITIGATION.** There are no actions, suits, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of the Trust Deed, the priority of the lien, or the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

**4.5. NO OTHER BREACH.** The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which Borrower or any of its general partners is a party or by which it or they or the Property may be bound or affected.

**4.6. NO DEFAULT.** There is no Event of Default or Potential Default on the part of Borrower.

**4.7. TITLE TO PROPERTY.** Borrower is or will be upon the Closing Date the sole legal and beneficial owner of the Property, which is free of all claims, liens, and encumbrances other than those shown in the Title Policy.

**4.8. NO UNAPPROVED LOANS.** Borrower has not received financing for either the acquisition of the Property, the construction of the Project or the permanent financing of the Project except as has been specifically disclosed to and approved by Lender in writing.

**4.9. TITLE OF PERSONALTY.** All Personalty is or will be upon the Closing Date vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is a first lien.

**4.10. USE OF PROCEEDS.** All Loan Proceeds will be disbursed as provided in this Loan Agreement and used only for payment of the costs of construction of the Project in accordance with the Plans and Specifications and for other purposes specified in the Loan.

**4.11. TAXES PAID.** Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

**4.12. PLANS AND SPECIFICATIONS.** Following tax credit award and prior to close of construction financing, the Plans and Specifications are satisfactory to Borrower and the General Contractor and have been approved by Lender and all other construction lenders. There are no structural defects in the Project as shown in the Plans and Specifications that are known to or reasonably should have been known to Borrower or its agents and employees, and to the best of Borrower's knowledge, no violation of any Governmental Requirement, including but not limited to an environmental requirement, exists.

**4.13. ACCURACY.** All applications, Financial Statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are in all material respects accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

**5. BORROWER'S COVENANTS AND CONDITIONS.** From the Effective Date until payment and performance in full of all obligations of Borrower under this Loan Agreement, the Note, the Security Documents, and the other Loan Documents or the earlier release of the liens of the Loan Documents (and all related obligations) in accordance with the terms of this Loan Agreement, the Note, the Security Documents, and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

**5.1. USE OF PROCEEDS.** All Loan Proceeds will be disbursed as provided in this Loan Agreement and used only for payment of the costs of construction of the Project in accordance with the Plans and Specifications and for other purposes specified in the Loan.

**5.2. PROPERTY MANAGEMENT.** Subject to Lender's written approval, Borrower shall obtain and maintain for the life of the Loan a top quality property management agreement with a duly accredited real estate property management company for the management of the Property, and shall assure compliance of the property manager with the property management agreement. Lender shall not disburse any funds under this Loan Agreement unless and until it has reviewed and approved the agreement as adequate and the property management company as top quality and duly accredited. Lender shall have the right to review and approve or reject any proposed changes to scope of said agreement and to changes in the real estate property management company prior to making such changes. Any such changes made without Lender approval shall be an

Event of Default under this Agreement. Lender has approved Mercy Housing Management Group as the qualified property management company for the Project.

**5.3. BORROWER'S RESPONSIBILITIES.** Following tax credit award and prior to close of construction financing, to prevent and avoid construction defects, Borrower shall inspect, review, supervise, and assure the high quality, adequacy, and suitability of: (i) the Plans and Specifications and all changes and amendments; and (ii) architects, contractors, subcontractors, and material suppliers employed or used in the Project, and the workmanship of and the materials used by all of them; and (iii) the progress and course of construction and its conformance with the Plans and Specifications and any amendments, alterations, and changes that may be approved by Lender. Borrower will, at Borrower's expense, defend, indemnify, save, and hold Lender harmless against all claims, demands, losses, expenses, damages (general, punitive, or otherwise), and causes of action (whether legal or equitable) asserted by any Person arising out of the use of the proceeds of the Loan. Borrower will pay Lender on demand all claims, judgments, damages, losses, or expenses (including attorney fees and expenses) incurred by Lender as a result of any legal action arising out of the use of the proceeds of the Loan. The provisions of this Section will survive the termination of this Loan Agreement and the repayment of the Loan.

#### **5.4. INSURANCE.**

**5.4.1. COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE.** Borrower shall carry insurance as set forth below in this Section, effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times work is performed in connection with the project. Such insurance coverage must list the Lender as an additional insured, and must be approved in writing by Lender prior to the disbursement of the Loan.

**5.4.2.1** Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$2,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

**5.4.2.2** Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Lender; and

**5.4.2.3** Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Lender, whichever amount is greater.

**5.4.2. INSURANCE PROVISIONS.** Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII or better, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Lender's legal counsel in writing in advance:

**5.4.3.1. ADDITIONAL INSURED.** Borrower shall obtain a policy in ISO form CG 20 33, or equivalent, naming Lender as additional insured under the Commercial General Liability Policy at the same limits as required in Section 16, above.

**5.4.3.2. SINGLE PROJECT INSURANCE.** It is the intent of the parties that the Project have available all the specified insurance coverages. Borrower shall not provide insurance coverages that are considered in aggregate with other Projects which Borrower or its General Contractor might have concurrently under construction. Lender may at its discretion permit an aggregate policy if and only if Borrower or the respective General Contractor or subcontractor has fully disclosed to Lender other projects which will or may be considered in aggregate with the Project, and thereafter, Borrower shall immediately inform Lender of the change in or addition to any such projects. Nevertheless, Lender may, at any time require that the insurance coverage be provided solely for the Project.

**5.4.3.3. CERTIFIED POLICY COPY.** Borrower shall provide Lender with a certified copy of each required policy of insurance, upon request by Lender. Borrower shall provide Lender with a Certificate of Insurance for each policy on the applicable ACORD form. And, specific sections of the policy may be requested by Lender for review. The ACORD form shall not substitute for the policy, if the policy is requested. The most current ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance.

**5.4.3.4. CANCELLATION.** Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date. In the alternative to such endorsement, Borrower will provide Lender with the cancellation

clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is Borrower's responsibility to notify Lender of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, Borrower shall notify Lender within forty-eight (48) hours of such cancellation or non-renewal.

\_\_\_\_\_ Borrower's Initials

**5.4.3. FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, Lender shall have the right, upon five (5) days written notice and opportunity to cure, to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to Lender. If Borrower fails to reimburse Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

**5.5. NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE.** Borrower acknowledges, understands, and agrees as follows:

**5.5.1.** The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect, supervise, pass judgment on, or inform Borrower of the quality, adequacy, or suitability of the Project work, except as to matters which are within the intent and purpose for which Lender has made the Loan.

**5.5.2.** Lender owes no duty of care to protect Borrower against negligent, faulty, inadequate, or defective building or construction.

**5.5.3.** Lender will not be responsible or liable to Borrower for any loss or damage of any kind to person or property whether suffered by Borrower or any other Person or group of Persons or for negligent, faulty, inadequate, or defective building or construction, and Borrower will hold Lender harmless from any liability, loss, or damage for these things.

**5.6. FINANCIAL REPORTING.** During the term of the Loan, Borrower shall deliver to Lender within 150 days of the end of each calendar year audited Financial Statements prepared in accordance with generally accepted accounting principles and signed by authorized officers of Borrower. Prior to the Close of Escrow and during the term of the Loan, Borrower shall deliver to Lender any such additional Financial Statement as may be requested by Lender. Lender reserves the right to review and approve Financial Statements and other credit information and references prior to the Close of Escrow. During the term of the Loan, Borrower must deliver to Lender a monthly rent-roll including household composition information and operating statements with respect to the Property and improvements, as Lender may request.

**5.7. ANNUAL ADMINISTRATIVE FEE.** Borrower agrees to pay an annual administrative fee ("Fee") to Lender as compensation for monitoring compliance with regulatory restrictions and the administration of the Loan. Borrower shall pay annually a Fee equal to 12.5 basis points (0.125%) of the Loan Amount and One Hundred and No/100 Dollars (\$100.00) for each unit assisted by the Loan Program, not to exceed Fifteen Thousand Dollars and No Cents (\$15,000.00). Fee payments shall commence on the closing date of the construction financing for the development of the Project for the prorated semiannual period from the closing date to and including the month of the closing date of the construction financing for the development of the Project, and in equal semiannual installments in advance on each 1st day of each semiannual period thereafter throughout the term of the Regulatory Agreement.

**6. LOAN.** Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, an amount not to exceed the Loan Amount, to finance the development of the Project and for other purposes as specified in the Scope of Development, subject to the terms, conditions, representations, warranties, and covenants in this Loan Agreement.

**6.1. PRINCIPAL AMOUNT.** The principal amount of the Loan shall be the actual disbursements of Lender on account of the Project, not to exceed the amounts stated in the Budget (as the Budget may be adjusted by written approval of Lender). In any event, the principal amount of the Loan shall not exceed the Loan Amount.

**6.2. USE OF LOAN FUNDS.** Loan funds shall be used solely for actual costs of the Project as stated in the Budget. No Loan funds shall be used for any costs, except as provided in the Budget. Unless otherwise noted in the Budget, allowed predevelopment costs, if any, are not subject to the withholding as Retention.



**6.3. LOAN TERMS.** The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

**6.4. CLOSING IN ADVANCE OF SENIOR LOAN.** Lender will subordinate this Loan to the senior loan, provided that the senior loan does not require modification of this Loan Agreement or Lender's entry into any agreements containing new or modified Loan terms.

**6.5. NOTE AND SECURITY DOCUMENTS.** The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of the Note is secured by the Trust Deed covering the Property and the Project. Borrower shall execute the Trust Deed in favor of the Title Company as Trustor in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

**6.6. REGULATORY AGREEMENT.** The Regulatory Agreement imposing covenants, conditions and restrictions running with the land is a material consideration for the making of the Loan. Borrower shall execute the Regulatory Agreement prior to Close of Escrow and deliver it to Escrow for recordation. Violation of the Regulatory Agreement is an Event of Default of this Loan.

**6.7. ESCROW.** The parties shall open the Escrow promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date.

**6.8. COMMISSIONS.** Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

**6.9. ACCELERATION ON TRANSFER OR REFINANCING OF THE PROPERTY; ASSUMPTION.** Except as otherwise provided in this Loan Agreement, if all or any part of the Property or an interest in the Property is sold, transferred or conveyed to any person, or refinanced by Borrower such that additional debt is added to the Property or the cash flows change without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by the Trust Deed to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the Person to whom the Property is to be sold or transferred reach agreement in writing that the Loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under the Trust Deed and the Note.

**7. TITLE INSURANCE.** Borrower must procure and deliver to Lender an ALTA Lender's Policy of Title Insurance, together with such endorsements as Lender may require, including but not limited to ALTA endorsement nos. 9.6 and 9.7 (CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (CLTA endorsement no. 116) insuring Lender in an amount equal to the principal amount of the Loan, that Lender's Trust Deed constitutes a first lien or charge upon the Property and improvements subject only to such items as shall have been approved by Lender. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Lender.

**8. PERFORMANCE CONDITIONS.** The following are conditions precedent to performance under this Loan Agreement:

**8.1. CONDITION OF TITLE.** Lender shall cause Escrow Agent to issue to Borrower (with a copy to Lender) the Preliminary Report, together with copies of all documents relating to title exceptions referred to in the Preliminary Report. At Close of Escrow, Lender's Trust Deed shall be a valid lien against the Property securing the Loan and subject to no exceptions to title (of record or off record) other than the exceptions listed in the "Conditions of Title" in the Escrow Instructions.

**8.2. CONDITIONS TO LENDER'S PERFORMANCE.** Lender's obligation to perform under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the conditions to Close of Escrow contained in the Escrow Instructions, and applicable Special Provisions, if any; (c) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (d) Borrower's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement and as of Close of Escrow; (e) this Loan Agreement continues to be in full force and effect, no default on the part

of Borrower has occurred under this Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under this Loan Agreement; and (f) Lender has approved the Approval Documents; provided, however, that with regards to Lender's obligation to make the First Disbursement, this Section 8.2(f) is satisfied when Lender has approved the Approval Documents related to all anticipated Project demolition work.

**8.3. CONDITIONS TO BORROWER'S PERFORMANCE.** Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (b) Lender has met the conditions to Close of Escrow contained in the Escrow Instructions and applicable Special Provisions, if any; (c) Lender's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement and as of the Close of Escrow; and (d) this Loan Agreement continues to be in full force and effect, and no default on the part of Lender has occurred under this Loan Agreement.

**9. RELOCATION.** Lender is required by law to provide relocation services and make relocation payments to eligible tenants that are displaced as a result of the Project. Borrower shall comply fully with all relocation laws that are the obligation of Lender or are otherwise applicable to the Project. Borrower's compliance with the relocation requirements as stated in this Section 9 or the relocation plan for this project, if any, is a material element of this Loan. Borrower's failure to comply with the relocation requirements as stated in this Section 9 or a relocation plan prepared for this Project, is an Event of Default, subject to Borrower's opportunity to cure in accordance with applicable law.

**9.1. RELOCATION COSTS.** Unless otherwise stated in this Loan Agreement, any amounts paid by Lender for relocation costs and services shall be considered advances under the Loan.

**9.2. COOPERATION AND ACCESS.** Borrower shall cooperate fully with Lender in complying with such relocation laws, including without limitation, providing Lender access to all tenants of the Property, to all books and records related to the tenants of the Property and to all properties offered for temporary or permanent relocation. Prior to taking any action with respect to relocation of tenants, Borrower shall meet with Lender to establish reasonable protections for tenants and related reporting requirements for Borrower.

**9.3. BORROWER AS RELOCATION AGENT.** With the approval of Lender, Borrower may act as Lender's agent in accomplishing such relocation. Lender and Borrower by memorandum in writing shall establish their respective duties related to such relocation. If Lender and Borrower agree that Borrower will act as Lender's agent for purposes of this Loan, Borrower may enter into agreements for the provision of relocation services, or Borrower may perform such services directly. Borrower shall, by provisions in its agreements or by direction to its staff, assure that the entity performing the relocation services: (a) shall comply with all applicable law; (b) shall fully inform Lender of all relocation activities; (c) shall make all requests for direction or clarification to Lender; and (d) shall respond to and follow Lender's instruction and direction.

**10. CONSTRUCTION.** As a condition of the Loan, following close of construction financing, Borrower will diligently proceed with construction in accordance with the Scope of Development as approved by Lender. Borrower shall complete such work on or before the Completion Date, subject to Unavoidable Delay.

**10.1. CHANGES.** In order to assure sufficient funding for the Project, Borrower shall not authorize any Change without the prior written consent of Lender. If in the judgment of Lender, a Change, together with all other Changes contemplated or previously approved by Lender, will cause an increase in the cost of the Project in excess of the contingency reserve identified in the Budget, then Borrower will, as a condition precedent to Lender's consent, provide Lender with proof that the contingency reserve has been increased as necessary to pay for all such Changes. Borrower will submit any such Change to Lender for approval on a form acceptable to Lender, together with approvals by the Project Architect, if any, and the General Contractor. Borrower shall maintain funds available in the contingency reserve that are in substantially the same percentage of the original contingency reserve as the percentage of the Project then remaining to be completed.

**10.2. CONTRACTORS AND CONTRACTS.** All contracts, subcontracts, contractors, and subcontractors shall be subject to Lender's approval prior to the Closing Date. Lender also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable in form and substance to Lender, as it determines to its sole satisfaction. Upon Lender's request, Borrower will furnish to Lender correct lists of all contractors, subcontractors and material suppliers employed in connection with the Project, specifying their addresses, their respective portion of the Project and their respective Project cost. Lender may contact directly each contractor, subcontractor, and material supplier to verify the facts disclosed by the list or for any other purpose related to the Loan. All contracts by Borrower or its contractors relating to the Project will require terms sufficient to permit disclosure to Lender of any information Lender deems, in its sole determination, necessary to make such verifications.

**10.3. NO DISCRIMINATION DURING CONSTRUCTION.** Borrower for itself, the general contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project:

**10.3.1. EMPLOYMENT.** Borrower shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Lender setting forth the provisions of this nondiscrimination clause.

**10.3.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS.** This Loan requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its General Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible by:

(1) Identifying the number of positions in the various occupational categories including skilled, semi-skilled, and unskilled labor, needed to perform each phase of the Project;

(2) Identifying, within the positions identified in Paragraph (1) of this subsection, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

(3) Identifying, within the positions described in Paragraph (1) of this subsection, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

(4) Establishing the positions identified in Paragraph (3) of this subsection, a goal which is consistent with the purpose of this subsection within each occupational category of the number of positions to be filled by lower income Project area residents; and

(5) Making a good faith effort to fill all of the positions established in Paragraph (4) of this subsection with lower income Project area residents through Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

**10.3.3. ADVERTISING.** Borrower will, in all solicitations or advertisements for employees placed by or on behalf of Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, marital status, national origin, ancestry, familial status, or disability.

**10.3.4. MONITORING PROVISIONS.** Borrower, the General Contractor and subcontractors shall comply with the requirements of Lender for monitoring the anti-discrimination and all applicable labor requirements.

**10.4. INSPECTION.** Lender may, at any time and without notice to Borrower, enter on the Property and inspect the Project; and, during regular business hours, examine the books, records, accounting data, plans, shop drawings, specifications, and other documents of Borrower pertaining to the Project and to make extracts or copies. Borrower shall make all such documents available to Lender promptly on demand. Borrower agrees to cooperate fully (and to cause the General Contractor to cooperate fully) with Lender and its Lender's designated agent and to permit all appropriate access to the Property and to all relevant books and records. Borrower shall bear the cost of reasonable inspections, except that Lender shall bear its costs of inspection. If however, Lender's inspection discovers issues of a nature that require further third-party review or investigation, Borrower shall bear the costs of such third party review.

**10.5. PROTECTION AGAINST LIEN CLAIMS.** Borrower shall promptly and fully discharge all claims for labor, materials and services in connection with the Project. Borrower shall promptly file a valid Notice of Completion on completion of the Project. Borrower shall promptly file a Notice of Cessation in the event of a cessation of labor on the Project for a continuous Period of (30) days or more. Borrower shall take all other reasonable steps to protect against the

assertion of lien claims against the Property. Within ten (10) days after the filing of any claim of lien against the Property, Borrower shall record a surety bond in the office of the Recorder of the County where the Property is located in an amount sufficient to release the claim of lien or deliver to Lender any other assurance as may be acceptable to Lender as evidenced by Lender's written acceptance of such assurance.

10.5.1. Lender, at any time, may require Borrower to obtain a lien waiver with respect to each payment to the General Contractor and each payment by the General Contractor or Borrower to each of the various subcontractors and material suppliers. Lender, at any time, may require Borrower to make any payments for the Project by joint check made payable to the General Contractor and subcontractor for whose account the payment is to be made, as joint payees.

10.5.2. In any event, Borrower is not required to pay, prior to adjudication, any claims for labor, materials, or services that Borrower, in good faith, reasonably disputes, and that Borrower, at its own expense, is currently and diligently contesting in the proper forum, provided that Borrower has filed the surety bond or given Lender such other assurance as Lender accepts in writing.

10.6. **SECURITY AGREEMENT.** This Loan Agreement is a "security agreement" within the meaning of the Uniform Commercial Code. Borrower by executing and delivering this Loan Agreement has granted and hereby grants to Lender, as security for the Loan, a security interest in the Additional Collateral to the full extent that the Additional Collateral may be subject to the Uniform Commercial Code. Borrower irrevocably appoints Lender as its true and lawful limited attorney-in-fact solely to execute and deliver any and all financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Lender a valid perfected security interest in the Additional Collateral. Borrower agrees to perform all acts which Lender may reasonably request so as to enable Lender to maintain such valid perfected security interest in the Additional Collateral in order to secure the payment of the Note in accordance with their terms. Lender is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this Loan Agreement. Lender may require at any time, and from time to time additions of new contracts and other property to the Additional Collateral. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents, if any.

10.7. **OTHER LENDER DRAW.** Borrower shall concurrently submit to Lender any Other Lender Draw. Delivery of such Other Lender Draw shall be made in the same manner as any other notice, except that it shall also be marked "OTHER LENDER DRAW REQUEST" and delivered to the person named in writing by Lender as the recipient of such requests or, in the absence thereof, to Lender's Portfolio Management office. Borrower shall provide Lender with true, accurate and correct copies of each Other Lender Draw, if any, including without limitation all supporting information, documents, and other required submittals. Lender shall have the right to reject an Other Lender Draw, for failing to comply with the Loan, for changing the Project in any material way, or for impairing the ability of Lender to enjoy the practical realization of its rights under the Loan and its related instruments. If Lender rejects an Other Lender Draw, Borrower shall withdraw the notice for such Other Lender Draw and shall not accept and shall return to Lender any disbursement on account of such Other Lender Draw.

10.7.1. **ACKNOWLEDGMENT OF RELIANCE.** Borrower acknowledges that Lender is making Loan disbursements in advance of disbursements of other lenders in reliance upon Borrowers compliance with this provision.

10.7.2. **LIQUIDATED DAMAGES.** IF BORROWER FAILS TO PROVIDE TO LENDER ANY OTHER LENDER DRAW, AS AND WHEN REQUIRED UNDER THIS LOAN AGREEMENT, LENDER SHALL BE IRREPARABLY HARMED IN THAT BORROWER'S ABILITY TO REPAY THE LOAN AND LENDER'S SECURITY FOR THE LOAN SHALL BE IMPAIRED TO AN UNKNOWN EXTENT. BORROWER AND LENDER AGREE THAT IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL RESULTING DAMAGES IN SUCH EVENT. BORROWER AND LENDER, THEREFORE, AGREE THAT AN AMOUNT EQUAL TO TWO PERCENT (2%) OF THE LOAN AMOUNT DRAWN SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO LENDER ON ACCOUNT OF SUCH EVENT, RECEIPT OF WHICH SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF LENDER FOR SUCH EVENT, AND ONLY FOR SUCH EVENT. PAYMENT OF SAID AMOUNT TO LENDER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO LENDER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SAID AMOUNT SHALL BE IMMEDIATELY DUE AND PAYABLE AS OF THE DATE ON WHICH BORROWER DELIVERED SUCH OTHER LENDER DRAW TO THE OTHER LENDER. LENDER SHALL HAVE THIRTY (30) DAYS AFTER RECEIVING ACTUAL NOTICE OF SUCH EVENT TO NOTIFY BORROWER IN WRITING THAT LIQUIDATED DAMAGES UNDER THIS SECTION ARE DUE. BORROWER SHALL HAVE FIFTEEN (15) DAYS AFTER SUCH WRITTEN NOTIFICATION TO CURE THE DEFAULT BY WITHDRAWING THE OTHER LENDER DRAW AND

RETURNING ANY DISBURSEMENT ON ACCOUNT OF SUCH OTHER LENDER DRAW. IF BORROWER FAILS TO PAY LIQUIDATED DAMAGES WHEN DUE UNDER THIS SECTION, THE LOAN SHALL BE ALL DUE AND PAYABLE AT THE ELECTION OF LENDER.

\_\_\_\_\_ Lender's Initials

\_\_\_\_\_ Borrower's Initials

10.8. **PROJECT SIGN.** If Borrower places a sign on the Property during construction stating the names of the Project participants, it shall also name Lender as a participant in the Project. Lender's name on the sign shall be in letters not less than size of letters used to name any of the other participants.

10.9. **NO PRIOR LIENS.** Borrower shall not allow the Project construction to begin or materials to be delivered to the Project until after Close of Escrow.

10.10. **PREVAILING WAGES.** In accordance with Labor Code Section 1720(c)(6)(E)), so long as the public subsidy for the Project consists of below market rate loans, and the Project restricts occupancy on at least 40% of the units for at least 20 years to individuals or families earning no more than 80% of the area median income, the Project is not subject to prevailing wages. Borrower represents to Lender that Borrower has obtained no public subsidy for the Project that does not meet such criteria. If Borrower obtains other non-qualifying public subsidy, Borrower shall pay prevailing wages for the Project. Therefore, Borrower indemnifies, holds harmless and defends Lender from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Borrower or General Contractor or both of them.

## 11. **LOAN DISBURSEMENT PROCEDURES.**

11.1. **CONDITIONS PRECEDENT TO EACH LOAN DISBURSEMENT.** The obligation of Lender to make any disbursements of Loan Proceeds shall be subject to the following conditions precedent:

11.1.1. No Event of Default or Potential Default of Borrower has occurred and is continuing;

11.1.2. If requested by Lender, Borrower has furnished to Lender, as a Project cost, an endorsement to the Title Policy showing no intervening liens or encumbrances on the Property and insuring the full disbursement, together with a satisfactory report under the California Uniform Commercial Code showing no liens or interests other than those of Lender;

11.1.3. Lender is satisfied that all completed work has been done using sound, new materials and fixtures, in a good and proper manner, and all materials, fixtures, and furnishings installed on or acquired for the Property will be owned by Borrower free of any liens, encumbrance, or other interests of any kind other than Lender's lien or security interest;

11.1.4. The representations and warranties in the Loan Documents are correct as of the date of the requested disbursement;

11.1.5. Borrower has paid Lender all commitment, loan, and other fees then due, and Borrower has submitted to, and Lender has approved in writing, all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement;

11.1.6. Borrower shall provide assurances, satisfactory to Lender in its sole discretion, that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation; and

11.1.7. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents.

11.2. **CONDITIONS PRECEDENT TO FIRST DISBURSEMENT.** Borrower's request for the first disbursement of Loan Proceeds (the "First Disbursement") is a representation and warranty by Borrower that there has been no material adverse change in Borrower's financial capacity or in any representation made to Lender in Borrower's application for the Loan or Borrower's supporting documentation that would prevent it from carrying out its obligations under this Loan

**Agreement.** Lender shall make the First Disbursement when the following conditions precedent and the conditions precedent stated in Section 11.1 have been met:

11.2.1. There is no legal action threatened or pending against Borrower or affecting the Property or any Additional Collateral;

11.2.2. All conditions to Close of Escrow have been satisfied in accordance with the Loan Agreement;

11.2.3. Borrower has provided proof of all insurance required by the Loan Documents;

11.2.4. Borrower has filed all tax returns required to be filed and paid all taxes due, which, if unfiled or unpaid, might adversely affect Lender's security under the Security Documents; and

11.2.5. Borrower must request the First Disbursement consistent with the terms and conditions of this Loan Agreement no later than 11 months following the Effective Date of this Loan Agreement.

**11.3. CONDITIONS PRECEDENT TO FINAL DISBURSEMENT.** Lender shall make the final loan disbursement under this Loan Agreement when the following conditions precedent and the conditions precedent stated in Section 11.1 have been met:

11.3.1. Reserved.

11.3.2. Borrower has provided to Lender a true, accurate and complete copy of the final draw request to all other lenders for the Project;

11.3.3. Borrower has filed all tax returns required to be filed and paid all taxes due, which, if unfiled or unpaid, might adversely affect Lender's security under the Security Documents;

11.3.4. Title policy endorsements in form and amount satisfactory to Lender (including an endorsement insuring lien-free completion of the Project) have been furnished to Lender;

11.3.5. Borrower has furnished evidence, in form and substance satisfactory to Lender, that:

a. The General Contractor and subcontractors and material suppliers and their subcontractors and material suppliers have been paid in full;

b. All other permits and approvals necessary for the Project demolition, equipping, management, operation, use, or ownership of the Project have been obtained, subject only to those conditions approved by Lender, and

c. The completed Project demolition complies with all applicable building code provisions, and similar governmental laws and regulations, and that evidence to be in the form of a certificate executed by Borrower in favor of Lender.

11.3.6. Borrower must request Final Disbursement consistent with terms and conditions of this Loan Agreement no later than 3 years and 11 months following the Effective Date of this Loan Agreement. If Borrower fails to request Final Disbursement consistent with the terms and conditions of this Loan Agreement within 3 years and 11 months of the Effective Date the remaining funds will be recaptured.

**11.4. MAKING DISBURSEMENT.** Lender shall pay each disbursement request within twenty (20) business days after the disbursement request is submitted to Lender, subject to fulfillment of the conditions precedent as stated in Section 11.1. Lender shall disburse the actual cost of the work represented in the disbursement request by Borrower, reduced by the cost of work included in the request and not satisfactorily completed and by the amount of the Retention to be withheld.

**11.5. DISBURSEMENT OF LESS THAN FULL REQUEST.** If Lender makes a disbursement which is less than the full amount of the disbursement requested, Lender shall inform Borrower of the items disallowed for disbursement and the reason for disallowing them. Lender shall disburse the Loan in the following order of priority, except as expressly provided and unless paid by Borrower from other funds: (a) first, to pay Lender's Loan fees and expenses due; (b) second, to pay Lender the interest due on the Loan; (c) third, at Lender's option to pay all impositions due; (d) fourth, at Lender's option, to



make any other payments that Lender may in its sole discretion deem necessary or advisable to protect Lender's security under the Loan Documents; and (e) fifth, to make the disbursement of funds then due in response to Borrower's current request for disbursement. For purposes of this section, impositions means all real estate and personal property taxes and other taxes and assessments, water and sewer rates and charges, and all other charges of a Governmental Authority and any interest or costs or penalties with respect to them, ground rent and charges for any easement or agreement maintained for the benefit of the Property, of every nature and any kind that at any time may be assessed, levied, imposed, or become a lien on the Property, Fixtures or income received from the Property or Fixtures, or any use or occupancy of the Property; and any charges, expenses, payments, or assessments of any nature that are or may become a lien on the Property or the income received from it.

11.6. **NO WAIVER BY DISBURSEMENT.** Regardless of the failure of any condition precedent to Lender's obligation to make disbursements to Borrower, Lender may make a disbursement if Lender, in its sole discretion, determines it to be advisable. The making of any disbursement shall not be deemed to constitute an approval or acceptance by Lender of the work completed or a waiver of the condition with respect to a subsequent disbursement.

11.7. **COMPLIANCE.** To the best of Borrower's knowledge, the construction, use, and occupancy of the Property and Project comply in full with, or if built according to the Plans and Specifications, will comply in full with, all Governmental Requirements. No right to construct or use the Project is to any extent dependent on any real property other than the Property. All approvals, licenses, permits, certifications, filings, and other actions normally accepted as proof of compliance with all Governmental Requirements by prudent lending institutions that make investments secured by real property in the general area of the Property, to the extent available as of the date of this Loan Agreement, have been given or taken, or Borrower is entitled to have them given or taken as the ministerial act of the applicable Governmental Authority.

## 12. **RESIDENTIAL OPERATIONS.**

12.1. **VERIFICATION OF NET INCOME.** When requested by Lender following Project lease up, Borrower shall provide Financial Statements and such other evidence as Lender may deem necessary to verify the Project net income, including without limitation copies of certified rent rolls, bank statements, billing statements and invoices.

12.2. **SECURITY AND LIGHTING.** Project shall include a security camera system approved by Lender and lighting adequate to properly illuminate the parking area and all common spaces. In addition, Project will include security patrol, if necessary.

12.3. **RESIDENT SERVICES PLAN:** Prior to commencing lease up of the Project, Borrower shall provide Lender with a detailed resident services plan including but not limited to the following information: (1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; (2) the services will be provided for a minimum of twenty (20) hours per week, including after school programming, education activities and service coordination; (3) a description of the services to be provided; (4) a pro forma resident services budget.

12.4. **SMOKE FREE ENVIRONMENT.** All residential units and indoor common areas must be smoke free.

## 13. **DEFAULT.**

13.1. **EVENTS OF DEFAULT.** At the option of Lender, each of the following events will constitute an Event of Default, subject to applicable cure rights, if any:

13.1.1. Borrower's non-performance of any obligation or breach of this Agreement;

13.1.2. The occurrence of an event of default under any of the Loan Documents;

13.1.3. Subject to Borrower's legal rights to contest a Governmental Requirement, Borrower's failure to comply with any Governmental Requirement, unless within ten (10) days after notice of such failure by Lender or the respective governmental entity or after any action has been commenced to enforce such requirement, Borrower has cured such failure;

13.1.4. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the construction, occupancy, or use of the Project, unless within ten (10) days after notice by the issuing entity or Lender of such failure, Borrower has promptly cured such failure;

13.1.5. Any material deviation from the Plans and Specifications in the construction of the Project, or the appearance or use of defective workmanship or materials in the construction of the Project, if Borrower fails to remedy them or to diligently proceed to remedy them to Lender's satisfaction within ten (10) days after Lender's written demand to do so;

13.1.6. Borrower's failure to complete the construction of the Project by the Completion Date;

13.1.7. The filing of any lien against the Property or Project or the service on Lender of any bonded stop notice related to the Loan, if the claim of lien or bonded stop notice continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender;

13.1.8. The attachment, levy, execution, or other judicial seizure of any portion of the Property or Project, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure; and

13.1.9. Making of any unauthorized payment from Loan Proceeds or other funds of Lender.

#### 14. REMEDIES.

14.1. **OPTION TO ACT.** On the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

14.1.1. Terminate its obligation to make disbursements;

14.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due;

14.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies;

14.1.4. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement or the Trust Deed; and

14.1.5. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the maximum amount allowed by law from the date the funds were spent until repaid which amounts will be deemed secured by the Trust Deed.

14.2. **RIGHTS CUMULATIVE, NO WAIVER.** All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

14.3. **DISCLAIMER.** Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable to construct, complete, or protect the Project; to pay any expense in connection with the exercise of any remedy; or to perform any other obligation of Borrower.

14.4. **GRANT OF POWER.** Subject to the prior rights of lenders whose loans are secured by the Property and senior to the rights of Lender, Borrower irrevocably appoints Lender as its attorney-in-fact, with full power and authority, including the power of substitution, exercisable on the occurrence of an Event of Default, to act for Borrower in its name, place, and stead as provided in this Loan Agreement, to take possession of the Property and Project, remove all employees, contractors, and agents of Borrower, to complete or attempt to complete the work of construction, and to market, sell, or lease the Property and Project; to make any additions, changes, and corrections in the Plans as may be necessary or desirable, in Lender's sole discretion, or as it deems proper to complete the Project; to employ any contractors, subcontractors, suppliers,

architects, inspectors, consultants, property managers, and other agents that Lender, in its sole discretion, deems proper for the completion of the Project, for the protection or clearance of title to the Property or Personalty, or for the protection of Lender's interests, to employ security guards to protect the Property and Project from injury or damage; to pay, settle, or compromise all bills and claims then existing or later arising against Borrower that Lender, in its sole discretion, deems proper for the completion of the Project, for the protection or clearance of title to the Property, or for the protection of Lender's interests; to prosecute and defend all actions and proceedings in connection with the Property or Project; and to execute, acknowledge, and deliver all other instruments and documents in the name of Borrower that are necessary or desirable, to exercise Borrower's rights under all contracts concerning the Property or Project, and to do all other acts with respect to the Property or Project that Borrower might do on its own behalf, in each case as Lender in its reasonable discretion deems proper.

**14.5. LIMITED PARTNER NOTICE AND CURE.** Notwithstanding the foregoing, the Lender agrees that any notice of a default under this Loan Agreement or under any other Loan Document also shall be provided to Borrower's limited partner pursuant to Section 16.10 below, and such limited partner shall have the right, but not the obligation, to cure any such default during the applicable cure period. Lender agrees that a cure of any default by such limited partner shall be deemed a cure by Borrower, and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

**15. BLANKET COVERAGE.** Borrower's obligation to carry insurance as required under this Loan Agreement may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that Lender shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded Lender will not be reduced or diminished thereby, and all of the other requirements of this Section 0 with respect to such insurance shall otherwise be satisfied by such blanket policy.

**16. MISCELLANEOUS.**

**16.1. NONRECOURSE.** Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, members, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

**16.2. CURE BY PARTY OTHER THAN BORROWER.** Any lender whose loan is secured by the property and any principal of Borrower may cure a default of the Loan, provided that such cure rights shall be the same as Borrower's cure rights. Such other curing party must cure by the date on which Borrower was obligated to cure, except if Lender is obligated by this Loan Agreement to give separate notice to such other curing party, in which instance, the cure period shall begin when Lender makes such notice to such other curing party.

**16.3. CONDEMNATION.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a taking of all of the Property, the proceeds shall be applied to the sums provided by this Loan, subject to any claims of prior lienholder, with the excess, if any, paid to junior lienholders and Borrower, as they may determine. In the event of the partial taking of the Property, unless Borrower and Lender otherwise agree in writing, and subject to any claims of prior lienholders, there shall be applied to the sums secured by the Trust Deed such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by the Trust Deed immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to junior lienholders and Borrower, as they may determine.

If the condemnor offers to make an award or settle a claim for damages to the Property and: (1) the Property is abandoned by Borrower; or (2) after notice by Lender to Borrower of the condemnor's offer, Borrower fails to respond to Lender within 30 days after the date such notice is mailed; Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by the Trust Deed.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

**16.4. SUBORDINATION.** Lender may subordinate this Loan to a senior loan, provided that any senior loan for the Project indicated in the Budget meets all requirements of this Loan Agreement, and that such senior loan does not require modification of this Loan Agreement.

**16.5. FUNDING REQUIREMENTS.** If any Loan Program is federally funded, Borrower shall comply with all laws,

rules, regulations and funding requirements that govern the use of such funds. Lender, to the extent required by law, shall cooperate with and assist Borrower in fulfillment of such obligations. If Lender, as a result of actions of Borrower, shall be obligated to repay the Loan Program any amount of the Loan Proceeds, Borrower shall make such repayment on account of Lender and failure to do so shall be an Event of Default.

**16.6. NATURE OF REPRESENTATIONS AND WARRANTIES.** Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

**16.7. NO WAIVER.** No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

**16.8. NO THIRD PARTIES BENEFITED.** This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to funds at any time on deposit in any construction account or impound account, if established.

**16.9. NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this Loan Agreement or in any other document executed in connection with this Loan Agreement shall be construed as creating a joint venture or partnership between Lender and Borrower. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as between Lender and Borrower other than that of a lender and a borrower.

**16.10. NOTICES.** Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above for the respective recipient by one or more of the following methods.

**16.10.1.** Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

**16.10.2.** A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

**16.10.3.** Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

**16.10.4.** Telecopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Attachment or to such other address as Borrower or Lender may respectively designate by written notice to the other.

**16.11. SHORT TERM NOTICES.** Notices, including requests for approval, requiring action in less than thirty (30) days may only be given by the foregoing overnight courier or hand delivery method, and shall include the following language on its face: "URGENT – TIME SENSITIVE – IMMEDIATE ACTION REQUIRED" and marked for delivery to Portfolio Management. Such notice shall include the time allowed under this Loan Agreement for action.

16.12. **ACTIONS.** Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and if applicable, Lender is authorized to disburse funds from the construction account for that purpose. This Section does not apply to actions or proceedings between the parties.

16.13. **SIGNS.** Borrower agrees that on the request of Lender, Borrower will erect and place on or in the immediate vicinity of the Property a sign indicating that Lender has provided construction financing for the Project, which sign shall remain for the duration of construction. If Borrower places a sign on the Property during construction stating the names of the Project participants, it shall also name "Sacramento Housing and Redevelopment Agency" as a participant in the Project. Lender's name on the sign shall be in letters not less than size of letters used to name any of the other participants.

16.14. **ASSIGNMENT.** The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property without the prior written consent of Lender to a party other than a general partner or managing member of Borrower or a single asset entity wholly owned and controlled by Borrower or a general partner or managing member of Borrower. However, if there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications, and will be secured by the Security Documents. Lender may at any time assign the Loan Documents to any affiliate of Lender or to a national bank or other lender having experience with construction lending, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents. In addition, Lender may at any time assign a participation in the Loan to any other party, provided that Lender continues to be primarily obligated under this Loan Agreement.

16.15. **PREPAYMENT.** Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

16.16. **CONTROLLING LAW; VENUE.** The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California.

16.17. **CONSENTS AND APPROVALS.** All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

16.18. **SURVIVAL OF WARRANTIES AND COVENANTS.** The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Loan has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Loan or the termination of any Loan Document.

16.19. **RECORDING AND FILING.** Borrower, at its expense, will cause the Security Documents and all supplements to be recorded and filed and re-recorded and re-filed in any manner and in any places as Lender will reasonably request, and will pay all recording, filing, re-recording, and re-filing taxes, fees, and other charges.

16.20. **LOAN EXPENSES.** In making the first disbursement, Lender may, at its option, deduct from the proceeds of that disbursement a sum equal to the aggregate of the following, to the extent Lender has knowledge of it and demand has been made on Lender at the time of the deposit: all expenses specifically incurred in connection with the Loan or the preparation, execution, and delivery of the Loan Documents, including, but not limited to, recording costs and expenses, transfer and other taxes (if any), surveys, appraisal fees, title and hazard insurance premiums, recording, notary, and escrow charges, and all other similar, usual, or customary loan closing charges and expenses; and any other budgeted expenses that have been approved by Lender in writing; and Lender will, for the benefit of Borrower, pay those amounts over to the

respective parties on whose behalf the demands will have been received by Lender. Borrower will pay directly any expenses in connection with the Loan not so paid by Lender, including, without limitation, any of the expenses specified above, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any party to the Loan Documents, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Interest Rate, will form a part of the indebtedness and will be secured by the Security Documents.

**16.21. NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of income and expense, or other Financial Statement, survey, appraisal, or insurance policy, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

**16.22. AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

**16.23. TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Loan owing by Borrower to Lender.

**16.24. COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

**16.25. SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

**16.26. CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

**16.27. INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, the Project, or any portion of them except to the extent caused by the gross negligence or willful misconduct of Lender. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note and the reconveyance or partial reconveyance of the Trust Deed.

**16.28. FURTHER ASSURANCES.** At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.

**16.29. DISCLOSURE OF INFORMATION.** If Lender elects to sell the Loan, Lender may forward to the buyer of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

16.30. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

16.31. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

16.32. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.



**THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the Effective Date.**

**BORROWER:  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**By: \_\_\_\_\_  
Stephan Daues, Vice President**

**LENDER:  
SACRAMENTO HOUSING AND REDEVELOPMENT  
AGENCY, A JOINT POWERS AGENCY**

**By: \_\_\_\_\_  
La Shelle Dozier, Executive Director**

**Approved as to form:**

**\_\_\_\_\_  
Lender Counsel**

**Exhibit 1: Legal Description**

**For APN/Parcel ID(s): 023-0026-026-0000**

**THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:**

**All that portion of Lots 100 to 109, Lot 119 and portions of Franklin Avenue, Jefferson Avenue, Lafayette Avenue and Park strips, now abandoned and all of Lots 59 to 99 and Lots 120 to 125, as shown on the "Amended Plat No. 1 of Colonial Heights", the official plat of which is recorded in the office of the Recorder of Sacramento County in Book 15 of Maps, Map No. 11, described as follows:**

**Beginning at the point on the Easterly line of Stockton Boulevard from which the Southwest corner of Lot 110, as shown on said Amended Plat No. 1 of Colonial Heights, bears South 20° 25' 30" East 249.60 feet; thence from said point of beginning North 20° 25' 30" West 281.44 feet along the Easterly line of said Stockton Boulevard to the Northwest corner of said Lot 76, thence South 89° 16' 00" East 1025.45 feet along the North lines of said Lots 59 to 76 to a point on the East boundary of said Amended Plat No. 1 of Colonial Heights; thence South 00° 28' 30" East 499.98 feet along the East boundary of said Amended Nat No. 1 of Colonial Heights to the Southeast corner thereof; thence South 89° 16' 00" West 335.50 feet along the South boundary of said Amended Plat No. 1 of Colonial Heights; thence North 00° 16' 00" West 235.00 feet; thence South 89° 16' 00" West 592.68 feet to the point of beginning.**

**APN: 023-0026-026-0000**

## Exhibit 2: Scope of Development

### **4995 Stockton Boulevard**

The Scope of Development for the Project demolition includes the following: the demolition of a 44,000 square foot warehouse built in 1958 that was the location of Jon's Furniture.

Following tax credit award and close of construction financing, the Scope of Development of 4995 Stockton Boulevard is a new construction development on approximately 7.76 acres located at 4995 Stockton Boulevard, Sacramento, California. The development 200 units comprised of 47 one-bedroom with one-bathroom, 93 two-bedroom with one-bathroom (downstairs powder room in 13 townhomes), and 58 three-bedroom with one-bathroom (downstairs powder room in 13 townhomes) units. Inclusive of this unit mix, two units will be exempt for management staff. The common areas and amenities include Community Room with Kitchen on the ground floor of the Boulevard Building, open green space and play equipment located at interior of site. Walks between buildings and along interior streets will be landscaped and furnished to create natural gathering points to foster community.

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. When there are differences, the stricter shall prevail. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer must indicate these funding requirements in the Project's plans/scope of work.

#### **I. Mitigation Measures:**

Mitigation Measures will include the Vapor Barrier System detailed in the *Conceptual Remedial and Mitigation Plan* prepared by Brusca Associates, Inc. on 2/10/2021 and approved by the Central Valley Regional Water Quality Control Board in their letter dated 3/2/2021.

#### **II. Building Exteriors:**

1. **Asphalt Pavements:** The development will include approximately 1.4 spaces of parking per unit, once completed the 200 unit development will be served by approximately 296 parking spaces including spaces on the interior streets and in parking lots. (Borrower will inform the Lender of the final parking count after the lot line adjustment is complete and prior to close of construction financing). There will be ten (10) accessible parking spaces.
2. **Site Lighting:** The site will be lit with Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
3. **Non-Smoking:** The Project is 100% non-smoking.
4. **Landscaping:** Landscaping is designed with drought tolerant plants and trees. Trees will be planted throughout the parking areas to meet City shading requirements.
5. **Picnic Area:** Barbeque and seating areas will be provided.
6. **Play Area:** The play area will have appropriate play structures and open green space. Play spaces will be appropriate for ages 2- 5 and 6 – 12.
7. **Mailboxes:** New mailboxes will be installed in a centralized location in the Boulevard Building.
8. **Stormwater:** The development will meet storm water requirements through use of on-site storm water planters and/or bioswales throughout the project.
9. **Roof:** Buildings are planned with flat roofs and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment.
10. **Siding:** The building skin will be a mix painted stucco, cement fiber board, and brick.
11. **Offsite Improvements:** Public offsite improvements consist of street frontage improvements along Stockton Boulevard, including new sidewalks, curbs, gutters, landscaping, and lighting.

### III. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** There will be twenty (20) units, 10% of the units, accessible with mobility features, and an additional eight (8) units, 4% of the units, will include communications features for persons with hearing or vision impairment.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination, electric stove and range, dishwasher and garbage disposal.
5. **Bathtubs and Toilets:** All apartments will have a bathtub or shower. Restrooms will have water efficient toilet and fixtures, and bath accessories.
6. **Doors (Interior, Exterior and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Counters and Sinks:** All apartment kitchens will have modular all plywood construction cabinets, solid surface countertops, and stainless steel sink. Microwave shelving will be provided (except in ADA units) either above the counter, or on the pantry shelving with electrical outlet for microwave. All apartment bathrooms will have all wood vanity, and solid surface vanity top with integral sink. All cabinetry face frames, doors and drawer faces will be solid hardwood.
8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. The Borrower is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows and sliding glass doors.
11. **Electrical and Lighting:** All apartments will have high efficiency lighting, exhaust fans vented to the exterior and bathroom humidistat fans. Central air conditioning and forced air heat units will be provided.
12. **Flooring:** Apartment interiors will have luxury vinyl plank (LVP) flooring of 12 mils except in bedrooms and on stairs where carpeting will be installed.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.

### IV. Community Amenities

1. **Management Office and Lobby:** The furnished management office and lobby will energy efficient lighting and HVAC systems.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** The two community restrooms on the first floor will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, and bathroom accessories. Bathroom walls will have glazed wall tile to 48 inches high.
4. **Community Room located on the 1<sup>st</sup> Floor:** The community room will have energy efficient lighting, all furnishings and HVAC systems. The community/ lobby area room will be 1,654 square feet, computer area 186 square feet, and conference rooms 638 square feet. These spaces will be ADA compliant.

5. **Community Room Kitchen:** The community room kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, solid surface countertop, New Energy Star rated appliances (may include refrigerator, electric stove, electric oven, microwave, garbage disposal and dishwasher), energy efficient lighting, HVAC system and water efficient plumbing fixtures will be installed.
6. **Elevator:** One elevator will be installed. The elevator floor surface area will be a minimum of 60 square feet.
7. **Hallways and Stairs (open corridor style):** Residential hallways and stairs will be of durable flooring LVP or similar flooring. Stairs will be located near the elevator to encourage use for those that can forgo the elevator. Stairs will have non-slip concrete treads, landings and closed risers. All hallway floorings will be exterior finish due to open corridor design. The first floor hallways will be stained concrete. The 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> floor hallways will be a sealed concrete topping slab.
8. **HVAC & Plumbing Systems:** Each apartment will have its own air conditioning and forced air heat with its own thermostat. Residential hallways and stairwells will not have heating or air conditioning. A central boiler in the Boulevard Building and each of the 3-story apartment buildings will provide hot water for the units. The town homes will have individual water heaters or smaller central water heaters. Bathroom exhaust fans will be humidistat controlled.
9. **Laundry Facility:** The laundry rooms will be located throughout the development with convenient access for all residents. The property will have a total of 20 washers and 20 dryers, Mercy will include one accessible washer and one accessible dryer per laundry room. The current plans include 10 laundry rooms in the development and will include at least 10 accessible washers and 10 accessible dryers inclusive of the 20 washer/dryer sets.
10. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.
11. **Trash Room:** One trash chute and one recycle chute will be located on each floor of the Boulevard Building. A trash and recycle room is located on the ground floor within the building envelope or the 3-story apartment buildings with a concrete apron at the exterior for trash pick-up. The townhome buildings will have receptacles for trash and recycling.
12. **Recycle:** One recycle chute will be located on each floor, emptying into the ground floor trash and recycle room of the Boulevard Building. Recycling receptacles will be located throughout the property at trash locations.
13. **Bicycle parking:** A minimum of one hundred (100) long-term and twenty (20) short-term bicycle parking will be provided for the 200 units. Long-term bicycle parking will covered and provided adjacent to parking at the 3-story apartment buildings, and short-term bicycle parking will be provided on the exterior of the building.
14. **Security Cameras:** There will be interior and exterior security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.

**Attachment 1: Rental Property Minimum Construction Standards are on the following page.**

### **Attachment 1: Lender's Minimum Construction Standards**

This attachment is from Exhibit 2 from the Lender's Multifamily Lending and Mortgage Revenue Bond Policies.

## **RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS**

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

**Note:** For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

### **Useful Life Expectancy – Rehabilitation only**

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

### **General Requirements**

- A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.
- B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.
- C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.
- D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.
- E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.
- F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.
- G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.

### **General Requirements – Rehabilitation only**

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.
- B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.
- C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.

- D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

### **Site Work**

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on-site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.

### **Site Work – Rehabilitation only**

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.



- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

#### **Building Envelope and Moisture Protection – Rehabilitation only**

- A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.
- B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer's warranty.
- C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.
- D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

#### **Doors and Windows**

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California's currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.
- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.

#### **Doors and Windows – Rehabilitation only**

- A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer's specifications. Retrofit windows must have a similar useful life as "new, construction" (i.e., nail fin) windows.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb beyond their useful life shall be replaced.

#### **Casework**

- A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.
- B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.
- C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

### **Casework – Rehabilitation only**

- A. All cabinets shall be replaced or in very good condition, within their 15 year useful life, both structurally and in appearance.

### **Finishes**

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.
- B. In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.
- C. Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

### **Finishes – Rehabilitation only**

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.
- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

### **Equipment**

- A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.
- B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
- C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

### **Furnishings**

- A. Dwelling units must have window coverings on all windows.

### **Special Construction**

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.
- C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

### **Mechanical/Plumbing**

- A. Water heaters must be installed per current applicable codes.
- B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.
- C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.
- D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

**Mechanical/Plumbing – Rehabilitation only**

- A. All toilets, sinks, and tubs shall be chip and stain free.

**Electrical**

- A. All units must have smoke/carbon monoxide detectors installed per current code.
- B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.
- C. Broadband infrastructure meeting the requirements of 24 CFR 5.100\* is required in all new construction projects of 4 or more units.

*\*Broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

**Electrical – Rehabilitation only**

- A. All electrical panels shall meet current code.
- B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.
- C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.
- D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

**Resident Services Community Space**

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

**End of Scope of Development.**

Exhibit 3A: HTF Note

**PROMISSORY NOTE**  
**FOR STOCKTON BOULEVARD AFFORDABLE HOUSING DEVELOPMENT PROJECT**  
**ACQUISITION, CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

**BORROWER HAS MADE THIS PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE.** The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A” or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
“Effective Date”	September 1, 2021
“Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Borrower”	Mercy Housing California 105, L.P.
“Borrower Legal Status”	a California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	Four Million Dollars and No Cents (\$4,000,000.00)
“Interest Rate”	The interest rate is 3% per year, simple interest.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: The Effective Date
“Special Terms”	N/A
<b>PAYMENT SCHEDULE.</b> Repayment of this Note shall be made as follows:	
“Maturity Date”	The first day of the 684th calendar month following the Effective Date, September 1, 2078.

<p><b>"Payment Schedule"</b></p>	<p>Annual principal and interest payments shall be deferred during the initial 15 years or 180 months after conversion to permanent financing and thereafter made according to the structured payment schedule contained in the loan agreement made between Lender and Borrower for the purposes of converting this Loan to permanent financing for the Project (the "Permanent Loan"), and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1., payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.</p> <p>If Lender and Borrower either (1) agree in writing that they will not enter into a Permanent Loan agreement, or (2) do not enter into a Permanent Loan agreement within 18 months of the Effective Date, or additional time as may be mutually agreed to by Lender and Borrower in writing, then Borrower shall return the full Loan Amount to Lender within sixty (60) days and no interest shall be owed.</p> <p>At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding and mutually agreed upon funding of all Project reserves, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Lender, the Lender shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Lender loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the Project.</p>
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**FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY** to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement (as defined in the Loan Agreement), the making of which is further consideration for this Note.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then to interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. This Note is secured by a Deed of Trust and Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the Property is refinanced, sold, hypothecated, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.

4. Lender and Borrower shall comply with and fulfill the Special Terms.

5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if:

a. Borrower defaults in the payment of any principal or interest when due.

b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, either (i) failed to disclose, or (ii) misrepresented any fact that would have prevented Borrower from being eligible for the Loan.

c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making or continuation of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.

d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, Regulatory Agreement or this Note.

e. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.

f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. Any of the following occur:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

6. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

7. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

8. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

9. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, the Trust Deed, and the Regulatory Agreement, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

**IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.**

**Borrower:  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**By: \_\_\_\_\_  
Stephan Daues, Vice President**



**Exhibit 3B: MIHF Note**

**PROMISSORY NOTE**  
**FOR STOCKTON BOULEVARD AFFORDABLE HOUSING DEVELOPMENT PROJECT**  
**ACQUISITION, CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

**BORROWER HAS MADE THIS PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE.** The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A” or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
“Effective Date”	September 1, 2021
“Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Borrower”	Mercy Housing California 105, L.P.
“Borrower Legal Status”	a California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	One Million Dollars and No Cents (\$1,000,000.00)
“Interest Rate”	The interest rate is 3% per year, simple interest.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: The Effective Date
“Special Terms”	N/A
<b>PAYMENT SCHEDULE:</b> Repayment of this Note shall be made as follows:	
“Maturity Date”	The first day of the 684th calendar month following the Effective Date, September 1, 2078.

<p><b>"Payment Schedule"</b></p>	<p>Annual principal and interest payments shall be deferred during the initial 15 years or 180 months after conversion to permanent financing and thereafter made according to the structured payment schedule contained in the loan agreement made between Lender and Borrower for the purposes of converting this Loan to permanent financing for the Project (the "Permanent Loan"), and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1., payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.</p> <p>If Lender and Borrower either (1) agree in writing that they will not enter into a Permanent Loan agreement, or (2) do not enter into a Permanent Loan agreement within 18 months of the Effective Date, or additional time as may be mutually agreed to by Lender and Borrower in writing, then Borrower shall return the full Loan Amount to Lender within sixty (60) days and no interest shall be owed.</p> <p>At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding and mutually agreed upon funding of all Project reserves, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Lender, the Lender shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Lender loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the Project.</p>
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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement (as defined in the Loan Agreement), the making of which is further consideration for this Note.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then to interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. This Note is secured by a Deed of Trust and Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the Property is refinanced, sold, hypothecated, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.

4. Lender and Borrower shall comply with and fulfill the Special Terms.

5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if:

a. Borrower defaults in the payment of any principal or interest when due.

b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, either (i) failed to disclose, or (ii) misrepresented any fact that would have prevented Borrower from being eligible for the Loan.

c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making or continuation of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.

d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, Regulatory Agreement or this Note.

e. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.

f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. Any of the following occur:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

6. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

7. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

8. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

9. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, the Trust Deed, and the Regulatory Agreement, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

**IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.**

**Borrower:  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**By: \_\_\_\_\_  
Stephan Daues, Vice President**

## Exhibit 4A: HTF Trust Deed

### NO FEE DOCUMENT:

Entitled to free recording  
per Government Code §§6103 and 27383.

When recorded, return to:  
SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Portfolio Management

## **DEED OF TRUST AND ASSIGNMENT OF RENTS** 4995 Stockton Boulevard, Sacramento, CA 95820

For purposes of this Deed of Trust the following capitalized terms shall have the meanings ascribed in the space adjacent to them:

TERM	DEFINITION	
"Effective Date"	September 1, 2021	
"Trustor" and "Borrower"	Mercy Housing California 105, L.P., a California limited partnership	
"Borrower Address"	2512 River Plaza Drive, Suite 200 Sacramento, CA 95833	
"Trustee"	Fidelity National Title Insurance Company	
"Beneficiary" and "Lender"	Sacramento Housing and Redevelopment Agency, a public body, corporate and politic	
"Lender Address"	801 12th Street, Sacramento, California 95814	
"Property"	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.	
	Address	4995 Stockton Boulevard, Sacramento, CA 95820
	Assessor's Parcel Number	023-0026-026-0000
"Legal Description"	The Legal Description of the Property which is more particularly described in the attached <b>Exhibit 1 Legal Description</b> , which is incorporated in and an integral part of this Deed of Trust	
"Loan"	Which is Lender's loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.	
"Loan Agreement"	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan.	
	Which is dated:	September 1, 2021
"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	Gubb & Barshay LLP 505 14th Street, Suite 450 Oakland, CA 94612 Attn: Nicole Kline, Esq.	

"Note"	Which is Borrower's promissory note made in accordance with the Loan Agreement evidencing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender, with interest.	
	Which has a principal sum of	Four Million Dollars and No Cents (\$4,000,000.00)
"Regulatory Agreement"	Which is that certain Regulatory for Residential Rental Property and Declaration of Restrictive Covenants Affecting Real Property entered into by and between Borrower and Lender as additional consideration for Lender making the Loan.	
	Which is dated:	September 1, 2021

THIS DEED OF TRUST is made as of the Effective Date between the Trustor also referenced as the Borrower, the Trustee, and the Beneficiary also referenced as Lender.

Borrower, in consideration of the indebtedness described below and the trust created by this Deed of Trust, irrevocably grants and conveys the Property to Trustee, in trust with power of sale.

Together with all the improvements now or subsequently erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

To secure to Lender: (a) the repayment of the Loan; and (b) the performance of the covenants and agreements of Borrower contained in this Deed of Trust, the Note, the Loan Agreement, and the Regulatory Agreement.

Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Deed of Trust and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

- 1. Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note and thereafter to the unpaid principal of the Note.
- 2. Charges: Liens.** Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust.
- 3. Hazard Insurance.** Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to Borrower's operation of the Property.

Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, as and to the extent provided in the Loan Agreement.

Unless Lender and Borrower otherwise agree in writing, any such application of insurance proceeds to principal shall not extend or postpone the due date of any Loan payment or change the amount of such payment. If the Property is acquired by Lender pursuant to this Deed of Trust, all right, title and interest of Borrower in and to any insurance policies and proceeds of such policies resulting from damage to the Property prior to the sale of acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

4. **Liability Insurance.** In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.

5. **Preservation and Maintenance of Property.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.

6. **Protection of Lender's Security.** Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 6, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. In any event, this Section shall be construed as a right and an option of Lender and shall not be construed to require Lender to incur any expense or take any action.

7. **Inspection.** Lender, by its designated representative, may make reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower and any occupant of the Property reasonable prior notice of any such inspection.

8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, shall be applied as provided in the Loan Agreement.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

9. **Borrower Not Released.** Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any

manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

10. **Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy under this Deed of Trust, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. **Remedies Cumulative.** All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust, the Note, the Loan Agreement or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. **Successors and Assigns Bound; Joint and Several Liability Captions.** The covenants and agreements contained in this Deed of Trust shall bind, and the rights under this Deed of Trust shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or to define its provisions.

13. **Notice.** Except for any notice required under applicable law to be given in another manner, any notice to be given under this Deed of Trust shall be given as provided for in the Loan Agreement. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated.

14. **Governing Law; Severability.** This Deed of Trust shall be governed by the law of the State of California. If any term or provision of this Deed of Trust shall, to any extent, be held invalid or unenforceable, the remainder of this Deed of Trust shall remain in full force and effect and the invalid or unenforceable provision shall be valid and enforceable as to any other person or circumstance.

15. **Acceleration on Transfer or Refinancing of the Property; Assumption.** Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold or transferred or refinanced by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower, or any of its principals or anyone with a substantial legal interest in Borrower, may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by this Deed of Trust.

16. **Acceleration on Breach; Remedies.** Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property) the Regulatory Agreement, or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further



demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any portion of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale, in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements it contains. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto as determined by Lender. In the event of a dispute regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

**17. Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security, Borrower assigns to Lender the rents of the Property, provided that Borrower shall, prior to an acceleration for breach as provided above or abandonment of the Property, have the right to collect such rents as they become due.

Upon acceleration for breach or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender, its agent, or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender, its agent and the receiver shall be liable to account only for those rents actually received.

**18. Financing Statement.** Borrower irrevocably appoints Lender as its true and lawful limited attorney-in-fact solely to execute and deliver any and all financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Lender a valid perfected security interest in the Rent. Borrower agrees to perform all acts which Lender may reasonably request so as to enable Lender to maintain such valid perfected security interest in the Rent in order to secure the payment of the Note in accordance with their terms. Lender is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this Deed of Trust.

**19. Prior Lienholder.** The provisions of this Deed of Trust shall operate subject to the claims of prior lienholders to the extent of such claims.

**20. Nonrecourse.** Notwithstanding any provision of this Deed of Trust or any document evidencing or securing the Loan, Borrower, and Borrower's principals, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan, and in the event of a default Lender shall look solely to the Property subject to this Deed of Trust and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced by the Note; provided, that nothing in this condition and no action so taken shall operate to impair any obligation of Borrower under the Regulatory Agreement.

21. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.
22. **Substitute Trustee.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.
23. **Request for Notice.** Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.
24. **Statement of Obligation.** Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.
25. **Use of Property.** Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.
26. **Extended Use Agreement.** In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender expressly agrees to undertake, with respect to low-income housing tenants, the requirements of Section 42(h)(6)(E)(ii) of the Code, as amended from time to time.

**IN WITNESS WHEREOF, Borrower has executed this Deed of Trust as of the Effective Date.**

**BORROWER (Trustor):  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**By: \_\_\_\_\_  
Stephan Daues, Vice-President**

**EXHIBIT 1**  
**LEGAL DESCRIPTION**

**For APN/Parcel ID(s): 023-0026-026-0000**

**THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:**

All that portion of Lots 100 to 109, Lot 119 and portions of Franklin Avenue, Jefferson Avenue, Lafayette Avenue and Park strips, now abandoned and all of Lots 59 to 99 and Lots 120 to 125, as shown on the "Amended Plat No. 1 of Colonial Heights", the official plat of which is recorded in the office of the Recorder of Sacramento County in Book 15 of Maps, Map No. 11, described as follows:

Beginning at the point on the Easterly line of Stockton Boulevard from which the Southwest corner of Lot 110, as shown on said Amended Plat No. 1 of Colonial Heights, bears South 20° 25' 30" East 249.60 feet; thence from said point of beginning North 20° 25' 30" West 281.44 feet along the Easterly line of said Stockton Boulevard to the Northwest corner of said Lot 76, thence South 89° 16' 00" East 1025.45 feet along the North lines of said Lots 59 to 76 to a point on the East boundary of said Amended Plat No. 1 of Colonial Heights; thence South 00° 28' 30" East 499.98 feet along the East boundary of said Amended Nat No. 1 of Colonial Heights to the Southeast corner thereof; thence South 89° 16' 00" West 335.50 feet along the South boundary of said Amended Plat No. 1 of Colonial Heights; thence North 00° 16' 00" West 235.00 feet; thence South 89° 16' 00" West 592.68 feet to the point of beginning.

APN: 023-0026-026-0000

**Exhibit 4B: MIHF Trust Deed**

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code §§6103 and 27383.

When recorded, return to:  
SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Portfolio Management

**DEED OF TRUST AND ASSIGNMENT OF RENTS**  
4995 Stockton Boulevard, Sacramento, CA 95820

For purposes of this Deed of Trust the following capitalized terms shall have the meanings ascribed in the space adjacent to them:

TERM	DEFINITION	
"Effective Date"	September 1, 2021	
"Trustor" and "Borrower"	Mercy Housing California 105, L.P., a California limited partnership	
"Borrower Address"	2512 River Plaza Drive, Suite 200 Sacramento, CA 95833	
"Trustee"	Fidelity National Title Insurance Company	
"Beneficiary" and "Lender"	Sacramento Housing and Redevelopment Agency, a public body, corporate and politic	
"Lender Address"	801 12th Street, Sacramento, California 95814	
"Property"	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.	
	Address	4995 Stockton Boulevard, Sacramento, CA 95820
	Assessor's Parcel Number	023-0026-026-0000
"Legal Description"	The Legal Description of the Property which is more particularly described in the attached <b>Exhibit 1 Legal Description</b> , which is incorporated in and an integral part of this Deed of Trust	
"Loan"	Which is Lender's loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.	
"Loan Agreement"	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan.	
	Which is dated:	September 1, 2021
"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	Gubb & Barshay LLP 505 14th Street, Suite 450 Oakland, CA 94612 Attn: Nicole Kline, Esq.	

"Note"	Which is Borrower's promissory note made in accordance with the Loan Agreement evidencing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender with interest.	
	Which has a principal sum of	One Million Dollars and No Cents (\$1,000,000.00)
"Regulatory Agreement"	Which is that certain Regulatory for Residential Rental Property and Declaration of Restrictive Covenants Affecting Real Property entered into by and between Borrower and Lender as additional consideration for Lender making the Loan.	
	Which is dated:	September 1, 2021

THIS DEED OF TRUST is made as of the Effective Date between the Trustor also referenced as the Borrower, the Trustee, and the Beneficiary also referenced as Lender.

Borrower, in consideration of the indebtedness described below and the trust created by this Deed of Trust, irrevocably grants and conveys the Property to Trustee, in trust with power of sale.

Together with all the improvements now or subsequently erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

To secure to Lender: (a) the repayment of the Loan; and (b) the performance of the covenants and agreements of Borrower contained in this Deed of Trust, the Note, the Loan Agreement, and the Regulatory Agreement.

Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Deed of Trust and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

- 1. Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note and thereafter to the unpaid principal of the Note.
- 2. Charges; Liens.** Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust.
- 3. Hazard Insurance.** Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to Borrower's operation of the Property.

Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, as and to the extent provided in the Loan Agreement.

Unless Lender and Borrower otherwise agree in writing, any such application of insurance proceeds to principal shall not extend or postpone the due date of any Loan payment or change the amount of such payment. If the Property is acquired by Lender pursuant to this Deed of Trust, all right, title and interest of Borrower in and to any insurance policies and proceeds of such policies resulting from damage to the Property prior to the sale of acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

4. **Liability Insurance.** In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.

5. **Preservation and Maintenance of Property.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.

6. **Protection of Lender's Security.** Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 6, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. In any event, this Section shall be construed as a right and an option of Lender and shall not be construed to require Lender to incur any expense or take any action.

7. **Inspection.** Lender, by its designated representative, may make reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower and any occupant of the Property reasonable prior notice of any such inspection.

8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, shall be applied as provided in the Loan Agreement.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

9. **Borrower Not Released.** Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any

manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

10. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy under this Deed of Trust, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust, the Note, the Loan Agreement or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. Successors and Assigns Bound; Joint and Several Liability Captions. The covenants and agreements contained in this Deed of Trust shall bind, and the rights under this Deed of Trust shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or to define its provisions.

13. Notice. Except for any notice required under applicable law to be given in another manner, any notice to be given under this Deed of Trust shall be given as provided for in the Loan Agreement. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated.

14. Governing Law; Severability. This Deed of Trust shall be governed by the law of the State of California. If any term or provision of this Deed of Trust shall, to any extent, be held invalid or unenforceable, the remainder of this Deed of Trust shall remain in full force and effect and the invalid or unenforceable provision shall be valid and enforceable as to any other person or circumstance.

15. Acceleration on Transfer or Refinancing of the Property; Assumption. Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold or transferred or refinanced by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower, or any of its principals or anyone with a substantial legal interest in Borrower, may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by this Deed of Trust.

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property) the Regulatory Agreement, or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further



demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any portion of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale, in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements it contains. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto as determined by Lender. In the event of a dispute regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

**17. Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security, Borrower assigns to Lender the rents of the Property, provided that Borrower shall, prior to an acceleration for breach as provided above or abandonment of the Property, have the right to collect such rents as they become due.

Upon acceleration for breach or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender, its agent, or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender, its agent and the receiver shall be liable to account only for those rents actually received.

**18. Financing Statement.** Borrower irrevocably appoints Lender as its true and lawful limited attorney-in-fact solely to execute and deliver any and all financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Lender a valid perfected security interest in the Rent. Borrower agrees to perform all acts which Lender may reasonably request so as to enable Lender to maintain such valid perfected security interest in the Rent in order to secure the payment of the Note in accordance with their terms. Lender is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this Deed of Trust.

**19. Prior Lienholder.** The provisions of this Deed of Trust shall operate subject to the claims of prior lienholders to the extent of such claims.

**20. Nonrecourse.** Notwithstanding any provision of this Deed of Trust or any document evidencing or securing the Loan, Borrower, and Borrower's principals, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan, and in the event of a default Lender shall look solely to the Property subject to this Deed of Trust and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced by the Note; provided, that nothing in this condition and no action so taken shall operate to impair any obligation of Borrower under the Regulatory Agreement.

21. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.
22. **Substitute Trustee.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.
23. **Request for Notice.** Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.
24. **Statement of Obligation.** Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.
25. **Use of Property.** Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.
26. **Extended Use Agreement.** In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender expressly agrees to undertake, with respect to low-income housing tenants, the requirements of Section 42(h)(6)(E)(ii) of the Code, as amended from time to time.

**IN WITNESS WHEREOF, Borrower has executed this Deed of Trust as of the Effective Date.**

**BORROWER (Trustor):  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**By: \_\_\_\_\_  
Stephan Daues, Vice-President**

**EXHIBIT 1**  
**LEGAL DESCRIPTION**

**For APN/Parcel ID(s): 023-0026-026-0000**

**THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:**

**All that portion of Lots 100 to 109, Lot 119 and portions of Franklin Avenue, Jefferson Avenue, Lafayette Avenue and Park strips, now abandoned and all of Lots 59 to 99 and Lots 120 to 125, as shown on the "Amended Plat No. 1 of Colonial Heights", the official plat of which is recorded in the office of the Recorder of Sacramento County in Book 15 of Maps, Map No. 11, described as follows:**

**Beginning at the point on the Easterly line of Stockton Boulevard from which the Southwest corner of Lot 110, as shown on said Amended Plat No. 1 of Colonial Heights, bears South 20° 25' 30" East 249.60 feet; thence from said point of beginning North 20° 25' 30" West 281.44 feet along the Easterly line of said Stockton Boulevard to the Northwest corner of said Lot 76, thence South 89° 16' 00" East 1025.45 feet along the North lines of said Lots 59 to 76 to a point on the East boundary of said Amended Plat No. 1 of Colonial Heights; thence South 00° 28' 30" East 499.98 feet along the East boundary of said Amended Nat No. 1 of Colonial Heights to the Southeast corner thereof; thence South 89° 16' 00" West 335.50 feet along the South boundary of said Amended Plat No. 1 of Colonial Heights; thence North 00° 16' 00" West 235.00 feet; thence South 89° 16' 00" West 592.68 feet to the point of beginning.**

**APN: 023-0026-026-0000**

**Exhibit 5: Regulatory Agreement**

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code §§6103 & 27383.

When recorded, return to:  
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814  
Attn: Portfolio Management

**REGULATORY AGREEMENT FOR RESIDENTIAL RENTAL PROPERTY  
AND DECLARATION OF RESTRICTIVE COVENANTS AFFECTING REAL PROPERTY**

<b>PROJECT NAME:</b>	4995 Stockton Boulevard Affordable Housing Development
<b>PROJECT ADDRESS:</b>	4995 Stockton Boulevard, Sacramento, CA 95820
<b>APN:</b>	023-0026-026-0000

**FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS AFFECTING REAL PROPERTY (REGULATORY AGREEMENT) AS OF THE EFFECTIVE DATE.**

- 1. GENERAL.** This Regulatory Agreement includes the Exhibits listed below which are attached to and incorporated in this Regulatory Agreement by this reference.
- 2. DEFINITIONS.** The capitalized terms in this Regulatory Agreement shall have the meanings assigned in the following table and in the body of this Regulatory Agreement as the context indicates. Terms being defined are indicated by quotation marks.

<b>TERM</b>	<b>DEFINITION</b>				
“Effective Date”	This Regulatory Agreement shall be effective as of the following date: September 1, 2021				
“Agency”	Sacramento Housing and Redevelopment Agency a joint powers agency				
“Agency Address”	Agency’s business address is 801 12th Street, Sacramento, California 95814				
“Owner”	Mercy Housing California 105, L.P., a California limited partnership				
“Owner Address”	Owner’s business address is as follows: 2512 River Plaza Drive, Suite 200 Sacramento, CA 95833				
“Jurisdiction”	City of Sacramento				
“Property”	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as Exhibit 1 – Legal Description of the Property and incorporated in this Regulatory Agreement by this reference.				
“Funding Agreement”	The Funding Agreement between Agency and Owner as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 150px;">Titled:</td> <td>Acquisition, Construction and Permanent Loan Agreement</td> </tr> <tr> <td>Dated:</td> <td>September 1, 2021</td> </tr> </table>	Titled:	Acquisition, Construction and Permanent Loan Agreement	Dated:	September 1, 2021
Titled:	Acquisition, Construction and Permanent Loan Agreement				
Dated:	September 1, 2021				
“Agency Funding”	Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property				
“Agency Funding Amount”	The amount of Agency Funding, as follows: \$5,000,000.00				

"Proportionate Agency Assistance"	The percentage of the Project cost, including without limitation, land, predevelopment and development costs, that is attributable to Agency Funding. For rehabilitation projects, the percentage that Agency Funding bears to the total of the fair market value of the Property before rehabilitation and the total costs of rehabilitation.	5%
"Funding Requirements"	The legal restrictions on the use of the funds that Agency has used to make Agency Funding, as applicable to and restricting the Property. The Funding Requirements are set out in Exhibit 3 – Funding Requirements.	
"Approved Use"	The only permitted use of the Property, which is as a residential property available for rent by the general public and containing not less than the following number of units:	200

**3. RESTRICTED PARCELS; APPROVAL OF LEASES.** In order to assure that the proper number and types of units have been rented in accordance with this Regulatory Agreement, Owner is prohibited from leasing any Unit within the Project until either the parties have recorded against the Property a list of the Restricted Units or Agency has approved the individual lease or lease form for the Restricted Units. The following numbers of units are restricted for each respective funding source. The initial rents for the Restricted Units shall be the following; provided, however, that upon the request of Owner, Owner and Agency may agree to a schedule for the Restricted Units that complies with the following affordability requirements as of the date when the Project is available for occupancy. In any event the rents for the Restricted Units may be adjusted not more often than annually. The rents shall include allowance for utilities and costs reasonably related to the rental of the Restrictive Units, as may be required in determining the rents for the applicable funding sources. Only Restrictive Units indicated under Agency Funding Source are assisted by Agency. Nevertheless, Owner shall assure the affordability of all of the following Restrictive Units at the named affordability levels. The Initial Rent per Unit per Month listed in this Regulatory Agreement shall be paramount and controlling.

Funding Source:	Affordability Level:	Number of Units:	Describe Restricted Units:	Initial Rent per Unit per Month:
Housing Trust Funds (HTF)	Low-Income 80% of Area Median Income (AMI)	4	One Bedroom	\$1,450
HTF	Low-Income 80% AMI	9	Two Bedroom	\$1,631
HTF	Low-Income 80% AMI	5	Three Bedroom	\$1,812
Mixed Income Housing Funds (MIHF)	Low-Income 80% AMI	1	One Bedroom	\$1,450
MIHF	Low-Income 80% AMI	3	Two Bedroom	\$1,631
MIHF	Low-Income 80% AMI	1	Three Bedroom	\$1,812
<b>Total Restricted Units:</b>		23		

**4. MANAGEMENT AGREEMENT.** Owner agrees that at all times the Project shall be managed by a property manager (i) approved by Agency in its reasonable discretion and (ii) who has successfully managed at least five projects over forty units in size and subject to a recorded regulatory agreement for at least three years' prior to the application, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "Manager"). Owner shall submit to Agency from time to time such information about the background, experience and financial condition of any existing or proposed Manager as Agency may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. Agency reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Loan. Owner agrees to cooperate with Agency in such reviews.

If Agency determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the requirements or standards of the Funding Agreement, Agency may deliver notice to Owner requesting replacement of the Manager, which notice shall state clearly the reasons for such request. Owner agrees that, upon receipt of such notice, Owner shall within 60 days submit to Agency, a proposal to engage a new Manager meeting the requirements of this provision. Agency shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, Owner shall promptly terminate the existing Manager's engagement and engage the new Manager.

Owner shall not enter into any management agreement or arrangement with any party with respect to the management of the Project without Agency's prior written consent, such consent not to be unreasonably withheld or delayed. Owner shall not materially modify, amend or terminate any approved management agreement (other than as required to comply with the terms of the Funding Agreement and/or applicable law) without Agency's prior written consent, which consent will not be unreasonably withheld or delayed; provided, however, that such consent shall not be required to extend the term of an existing management agreement.

<b>Approved Management Company</b>
Mercy Housing Management Group

**5. SPECIAL PROVISIONS.** Owner shall also comply with the following special provisions.

Provision	Term
<p>1. <b>Annual Administrative Fee.</b> Owner agrees to pay an annual administrative fee ("Fee") to Lender as compensation for monitoring compliance with regulatory restrictions and the administration of the Loan. Owner shall pay annually a Fee equal to 12.5 basis points (0.125%) of the Loan Amount and One Hundred and No/100 Dollars (\$100.00) for each unit assisted by the Loan Program, not to exceed Fifteen Thousand Dollars and No Cents (\$15,000.00). Fee payments shall commence on the closing date of the construction financing for the development of the Project for the prorated semiannual period from the closing date to and including the month of the closing date of the construction financing for the development of the Project, and in equal semiannual installments in advance on each 1st day of each semiannual period thereafter throughout the term of the Regulatory Agreement.</p>	<p>See Term in Section 9 of this Regulatory Agreement.</p>
<p>2. Owner shall assure that the Property is not used, in whole or in part, for any Disapproved Use. A "Disapproved Use" of the Property is any use other than the Approved Uses, and includes, but is not limited to a liquor store/bar, adult store/film, veterinarian office/kennel, funeral, video arcade/pool hall, bowling alley, music, dancing, manufacturing, repair facility, vehicle related, service stations, hazardous materials, storage or warehousing facilities, tattoo and/or piercing establishment, pawn shop, check cashing or paycheck advance business, passive activity (e.g., switching station), nuisances, and/or medical marijuana.</p>	
<p>3. Owner shall assure that the residential space on the Property is used as a residential property available for rent.</p>	
<p>4. Owner shall financially contribute to the Property Business Improvement District to provide daily security patrol services to the Property, and ensure the interior and exterior security cameras and equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating. The Owner shall not materially modify, amend or terminate any approved security plan, other than as required to comply with the terms of the Funding Agreement and/or applicable law or without the Agency's prior written consent, which consent will not be unreasonably withheld or delayed; provided, however, that such consent shall not be required to extend the term of an existing security plan.</p>	

**6. REPRESENTATIONS.** Agency has provided Agency Funding to Owner to develop the Property, subject to the terms of the Funding Agreement. For purposes of this Section 6, "Property" shall mean Property or Restricted Unit as the context may indicate. This Regulatory Agreement is a substantial part of the consideration to Agency for making Agency Funding. The funds used by Agency under the Funding Agreement are funds from public funding sources administered by Agency and their use is subject to certain requirements some of which are embodied in this Regulatory Agreement. Further, Agency has made Agency Funding in accordance with the laws, rules and regulations to which Agency is subject. Therefore, Agency has made Agency Funding conditioned upon Owner's agreement, for itself and its successors and assigns, to comply with all provisions of this Regulatory Agreement, including without limitation, the Funding Agreement. Owner represents that it has had full opportunity to make itself independently familiar with such limitations and restrictions, and Owner accepts them and agrees to comply fully with them.

**7. COVENANTS.** Owner makes the following covenants. Unless Owner has received the prior written consent or Agency approval otherwise, Owner shall fully comply with each and every covenant.

a. Owner shall use and permit others to use the Property only for the Approved Use.

b. Owner shall not convey, transfer, hypothecate, or otherwise encumber any of the Property or permit the conveyance, transfer, hypothecation, or encumbrance of the Property unless such assignee, transferee, beneficiary, or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement.

c. Owner shall not cause and shall not permit expansion, reconstruction, or demolition of any part of improvements on the Property, except as provided by the Funding Agreement.

d. Owner shall maintain the Property and all building improvements, grounds and equipment of the Property in good repair and condition and in compliance with all applicable housing quality standards and local code requirements. Owner shall maintain the Property in good condition and shall keep the Property reasonably free from graffiti and unrepaired vandalism and from accumulation of abandoned property, inoperable vehicles, unenclosed storage, debris, waste materials, and hazardous substances. In the event of a casualty loss, Owner shall cause the restoration or replacement of the Property, in a timely manner and provided that such restoration or replacement is then economically feasible.

e. Owner shall not cause and shall not permit discrimination based on race, color, national origin, religion, sexual orientation, gender, familial status, age or disability in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for him/her/itself, his/her/its heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

f. Owner shall not evict, refuse to rent to, or otherwise treat someone differently because of that person's status as a victim of domestic violence, dating violence, sexual assault, or stalking, in compliance with the Violence Against Women Act. This protection is available regardless of sex, gender identity, or sexual orientation.

g. Owner shall ensure compliance with the obligations imposed by the federal Personal Responsibility and Work Opportunity Act (Public Law 104-193, commonly known as the Welfare Reform Act) as amended by California Welfare and Institutions Code Section 17851, which restrict Agency funding of federal, state or local benefits to persons who are not citizens or qualified aliens as defined in such act.

h. Owner shall provide Agency with a detailed resident services plan including but not limited to the following information: (1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; (2) a description of the services to be provided; (3) a resident services budget and proforma; and (4) Agency approved resident services at the Project according to the following minimum schedule of twenty (20) hours per week:

1) Coordinator: six (6) hours per week; and



2) After School Programming: two (2) hours per day, four (4) days per week for a total of eight (8) hours per week; and

3) Services of six (6) hours per week are to be provided and to include, but are not limited to:

- Educational classes such as nutrition, exercise, health resources, health insurance application assistance, annual onsite health fair, English as a Second Language (ESL) classes;

- Socialization activities such as bingo, gardening and community building events; and

- Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.

i. Owner shall not pass utility charges paid by Owner, including water, sewer, and garbage collection charges, through to tenants as an add-on to their contracted rent subject to adjustments permitted by applicable utility allowances.

j. Owner shall not make payment of rental insurance premiums a condition of occupancy. If Owner require renters' insurance, the policy premium must be deducted from the tenant's rent. Owner shall not add the insurance premium to the tenant's rent in either the initial or subsequent years.

k. Owner shall make all of the units, indoor common areas and buildings smoke free.

**8. NATURE OF COVENANTS.** The provisions contained in this Regulatory Agreement are covenants which subject and burden the Property, as covenants running with the land. It is intended and agreed that the agreements and covenants provided in this Agreement shall be covenants running with the land and equitable servitudes on the land and that they shall, in any event, and without regard to technical classifications or designation, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, Agency, Agency's successors and assigns, any other governmental entity acting within its authority and any successor in interest to Agency's interest under this Regulatory Agreement against Owner, its successors and assigns and every successor in interest to all or any part of the Property.

**9. TERM.** The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, have expired or otherwise been terminated. The term of this Regulatory Agreement shall be thirty (30) years from the Effective Date.

**10. EXPIRATION OF AFFORDABILITY PERIOD.** Owner agrees the rent of "in-place" tenants at the conclusion of the Term will continue to be governed by the applicable affordability restrictions, so long as those tenants continue to live in the development.

**11. REVIVAL OF COVENANTS AFTER FORECLOSURE.** The affordability restrictions shall be revived after foreclosure, or deed in lieu of foreclosure, according to the original terms if, during the original term of this Regulatory Agreement, Owner who was owner of record before the termination event, or a party related to Owner obtains an ownership interest in the Property or Restricted Unit, as the case may be. For purposes of this provision, a related party is anyone with whom Owner has or had family or business ties; provided that such interest would not be considered a "remote interest" in the usual and customary use of the term.

**12. MULTIPLE FUNDING REQUIREMENTS.** If more than one form of Funding Requirements is attached, each Restricted Unit shall be subject to the Funding Requirements for every Funding Source applied to the respective Restricted Unit. If the terms of the Funding Requirements shall conflict as to any Restricted Unit, the Funding Requirements shall be construed so as to meet all applicable requirements for the respective Restricted Unit, including without limitation the use of the most restrictive requirements and the use of the "Recapture" formula that results in the greatest repayment to Agency.

**13. RECORDKEEPING AND REPORTING.** Upon request of Agency, Owner shall promptly provide any additional information or documentation requested in writing by Agency to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of Agency, Owner shall, within a reasonable time following receipt of such

request, furnish reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operations, and condition of the property and the status of any deeds of trust encumbering the Property.

**14. AUDIT AND INSPECTION.** The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related papers shall at all times be maintained in reasonable condition for audit and shall be subject to examination by Agency or its agents. The books and accounts of the operations of the Property shall be kept in accordance with generally accepted accounting principles. Owner shall provide Agency access to the Property and its tenants during reasonable hours for the purpose of reviewing Owner's compliance with this Regulatory Agreement.

**15. INDEMNITY FOR OWNER'S FAILURE TO MEET LEGAL REQUIREMENTS.** Owner shall indemnify and hold Agency, its officers, directors, and employees harmless from any and all liability arising from Owner's failure to comply with the covenants, conditions and restrictions contained in this Regulatory Agreement or to comply with all other laws, rules, regulations and restrictions related to the use of Agency Funding. Without limitation, such indemnity shall include repayment to the appropriate parties of rents or sales proceeds in excess of amounts authorized to be charged and repayment to Agency of the costs of funds and the value of lost opportunities resulting from the required repayment by Agency to the funding source of funds improperly used.

**16. CHANGES WITHOUT CONSENT OF OTHERS.** Only Agency and its successors and assigns, and Owner (subject to the reasonable approval of Owner's lender) shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in this Regulatory Agreement without the consent of any easement holder, licensee, other mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

**17. DEFAULT.** Upon a breach of any of the provisions of this Regulatory Agreement by Owner, Agency may give written notice of such breach to Owner by registered or certified mail. If such violation is not corrected to the satisfaction of Agency within thirty (30) days after the date such notice is mailed or within such further time as Agency may determine in its sole and absolute discretion is necessary to correct the breach, and without further notice to Owner, Agency may declare a default under this Agreement, effective on the date of such declaration of default, and upon such default Agency may: (a) take any action then available under the Funding Agreement for a default under the Funding Agreement; (b) apply to any court for specific performance of this Regulatory Agreement, (c) apply to any court for an injunction against any violation of this Agreement; (d) apply to any court for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement, (e) apply to any court for money damages; or (f) apply to any court or other tribunal for such other relief as may be appropriate. The parties agree the injury to Agency arising from a default under any of the terms in this Regulatory Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

**18. REGULATORY AGREEMENT VIOLATIONS.** Owner shall pay the program compliance fees and expenses to Agency set forth in Compliance Violations and Actions (Exhibit 2 - Compliance Violations and Actions) in reimbursement of the amounts and time expended by Agency to insure Owner's compliance with State statutes and federal regulations and Owner's obligations under this Regulatory Agreement as a result of Owner not meeting its obligations and reporting requirements. No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Compliance Violations and Actions tables.

**19. BINDING SUCCESSORS IN INTEREST.** This Regulatory Agreement shall bind and the benefits shall inure to Owner, its successors in interest and assigns, and to Agency and its successors for the term of this Regulatory Agreement.

**20. CONTRADICTORY AGREEMENTS.** Owner warrants that it has not, and will not, execute any other agreement with provisions contradictory of or in opposition to, the provisions of this Regulatory Agreement, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict with this Regulatory Agreement.

**21. COMPLIANCE AMENDMENTS.** If revisions to the provisions of this Regulatory Agreement are necessitated to comply with the laws or regulations governing Agency Funding, Owner agrees to execute modifications to this Regulatory Agreement that are needed to comply with such laws or regulations.

**22. ATTORNEYS' FEES.** If the services of any attorney are required by any party to secure the performance of this Regulatory Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or mediation is necessary to enforce or interpret any provision of this Regulatory Agreement or the rights and duties of any person in relation to this Regulatory Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of this Regulatory Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law. The prevailing party shall mean the party receiving an award in arbitration or a judgment in its favor, unless the award or judgment is less favorable than the best settlement offered in writing in a reasonable manner by the other party, in which case the prevailing party is the other party.

**23. SEVERABILITY.** The invalidity or unenforceability of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions.

**24. ELECTION OF REMEDIES.** To the extent applicable, in the event of any breach of any covenant, condition or restriction contained in this Regulatory Agreement, Agency shall reasonably endeavor to remedy such breach by conference and conciliation. If, in the opinion of Agency, Agency and Owner are unable mutually to agree upon a suitable remedy or the circumstances so warrant, such breach may be enjoined or abated by appropriate proceedings brought by Agency.

Agency may institute or prosecute in its own name, any suit Agency may consider advisable in order to compel performance of any obligation of any owner to develop and maintain the subject property in conformity with this Regulatory Agreement and to remedy any default of this Regulatory Agreement. Agency may also seek a decree requiring removal of any improvements constructed on the Property which improvements are designed for uses not permitted under this Regulatory Agreement and which improvements are unsuitable only for uses not permitted under this Regulatory Agreement.

The remedies of Agency under this Regulatory Agreement are cumulative, and the exercise of one or more of such remedies, including, without limitation, remedies under the Funding Agreement shall not be deemed an election of remedies and shall not preclude the exercise by Agency of any one or more of its other remedies.

**25. NO WAIVER.** No waiver by Agency of any breach of or default under this Regulatory Agreement shall be deemed to be a waiver of any other or subsequent breach or default.

**26. NOTICES.** Written notices and other written communications by and between the parties shall be addressed to Owner at Owner's Address and to Agency at Agency Address or such other address as each respective party has designated by written notice to the other party.

**THE PARTIES HAVE EXECUTED THIS REGULATORY AGREEMENT in Sacramento, California as of the Effective Date**

**OWNER:  
MERCY HOUSING CALIFORNIA 105, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP**

**AGENCY:  
SACRAMENTO HOUSING AND REDEVELOPMENT  
AGENCY, A JOINT POWERS AGENCY**

**By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner**

**By: \_\_\_\_\_  
La Shelle Dozier, Executive Director**

**By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager**

**Approved as to form:**

**By: \_\_\_\_\_  
Stephan Daues, Vice President**

**\_\_\_\_\_  
Agency Counsel**

**EXHIBIT 1**

**Legal Description**

**For APN/Parcel ID(s): 023-0026-026-0000**

**THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:**

All that portion of Lots 100 to 109, Lot 119 and portions of Franklin Avenue, Jefferson Avenue, Lafayette Avenue and Park strips, now abandoned and all of Lots 59 to 99 and Lots 120 to 125, as shown on the "Amended Plat No. 1 of Colonial Heights", the official plat of which is recorded in the office of the Recorder of Sacramento County in Book 15 of Maps, Map No. 11, described as follows:

Beginning at the point on the Easterly line of Stockton Boulevard from which the Southwest corner of Lot 110, as shown on said Amended Plat No. 1 of Colonial Heights, bears South 20° 25' 30" East 249.60 feet; thence from said point of beginning North 20° 25' 30" West 281.44 feet along the Easterly line of said Stockton Boulevard to the Northwest corner of said Lot 76, thence South 89° 16' 00" East 1025.45 feet along the North lines of said Lots 59 to 76 to a point on the East boundary of said Amended Plat No. 1 of Colonial Heights; thence South 00° 28' 30" East 499.98 feet along the East boundary of said Amended Nat No. 1 of Colonial Heights to the Southeast corner thereof; thence South 89° 16' 00" West 335.50 feet along the South boundary of said Amended Plat No. 1 of Colonial Heights; thence North 00° 16' 00" West 235.00 feet; thence South 89° 16' 00" West 592.68 feet to the point of beginning.

APN: 023-0026-026-0000

**EXHIBIT 2**

**Compliance Violations and Actions**

**COMPLIANCE VIOLATIONS AND ACTIONS  
(All payments due and payable within 30-days of assessment)**

<b>Tenant Eligibility and Affordability Violations</b>		
<b>Compliance Violation</b>	<b>Fees and Actions*</b>	<b>Corrective Time Period</b>
Tenants over income at initial move-in	Initial \$500 per unit, again every 90 days until another income qualified tenant is housed. Correction: Evict tenant if tenant fraud. Otherwise, next available unit must be Affordable and rented to an Income-Qualified tenant.	90 days from discovery date to avoid additional \$500 charge every 90-days the problem is not corrected.
Incorrect eligibility documentation	Initial \$50 per file for incorrect calculations, verifications, or required documents. Additional \$50 per month if not corrected. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit copies of corrections to compliance staff to avoid additional \$50 per month if not corrected
Failure to complete annual recertifications	Initial \$250 for each incomplete file. Additional \$50 per month if not corrected. Correction: Submit copies of recertifications to compliance staff.	30 days from discovery date to submit corrections to avoid additional \$50 per month if not corrected.
Failure to maintain tenant eligibility records	Initial \$500 per unit, again every 90-days thereafter until new records in place. Additional \$100 per unit per month the project remains out of compliance. Correction: Immediately establish new files/records.	30 days from discovery date to submit copies of new records to avoid additional \$100 per unit per month the project remains out of compliance.
Incorrect Rents	Reimbursement to tenant of the entire amount overcharged. \$100 payment to Agency for each over-charged unit. Correction: Refund tenant with letter of correction.	30 days from discovery date to avoid additional \$100 per overcharged unit per month fee to Agency.
Failure to submit complete and accurate monthly Bond Report by due date	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	7 days from discovery date to submit complete and accurate report to avoid additional \$100 per day charge.
Failure to comply with approved Management Plan	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit corrections to avoid additional \$100 per day charge.
Failure to submit complete and accurate quarterly Resident Services report by due date	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	7 days from discovery date to submit corrections to avoid additional \$100 per day charge.

Failure to provide a resident service required by Resident Services Plan	Initial \$250 per service. Additional \$100 per day until service is provided. Correction: Implement required service or new resident services plan submitted and approved: approved plan implemented.	7 days from discovery date to implement required service or provide new resident services plan to avoid additional \$100 per day charge; 30 days from discovery date to implement new plan to avoid additional \$100 per day charge.
Noncompliant lease	\$100 per noncompliant lease. Correction: Prepare and execute approved lease or addendum to address the deficiency.	30 days from discovery date to avoid additional \$100 per noncompliant lease per month charge to Agency.

<b>Housing Quality Standards Violations</b>		
<b>Compliance Violation</b>	<b>Fees and Actions*</b>	<b>Corrective Time Period</b>
Verifiable existence of Toxic Mold	\$200 per unit. Additional \$75 per day charge each time efforts fall outside of corrective timeframes. Correction: Prepare and submit action plan that addresses scope of work and timetable to complete. Relocate tenant if necessary. Obtain certified clearance that mold has been abated and unit is safe to occupy once again.	3-days from discovery date to submit action plan to address. 10-days to relocate tenant if necessary. 30-days to obtain certification that unit is mold free. \$75 per day additional charge each time efforts fall outside of these timeframes.
Broken pipes and plumbing facilities	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary	7-days from discovery date to avoid additional \$75 per day each day thereafter corrective action not taken.
Smoke detectors not working in the units	\$200 per unit with non-functional smoke detector. Additional \$75 charge per day if not corrected. Correction: Replace batteries or non-working unit within 24 hours.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Windows with large cracks or missing glass	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Infestation of roaches or vermin	\$200 per infested unit. Additional \$75 charge per day if not corrected. Correction: Letter from pest control company verifying removal of pests with paid invoice to compliance staff.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working heating unit (Winter) or air conditioning unit (Summer)	\$500 per nonworking unit. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Excessive amount of urine/ feces	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit as necessary and address problem as the lease allows. Submit correction letter with documentation to compliance staff.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Excessive amount of trash/garbage in the unit	\$75 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit and send letter of correction to compliance staff.	14-days from date of discovery to avoid an additional \$75 per day thereafter each day corrective action not taken.

Hazardous exterior conditions	\$500 for hazardous conditions. Additional \$75 charge per day if not corrected. \$75 re-inspection fee. Correction: Clean and/or repair as necessary. Re-inspection to verify problem addressed.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Large holes walls/ceiling	\$100 per unit. Additional \$75 charge per day if not corrected. Correction: Submit correction letter with documentation to compliance staff.	30-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-Operable Security Gate	\$500 per non-working gate. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
No Security Cameras (if cameras required)	\$250 per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Replace cameras.	30-days from the date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working Security Cameras	\$100 per camera per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-working or non-accessible amenities/services	\$100 per item per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.

\* No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Tenant Eligibility and Affordability Violations and Housing Quality Standards Violations tables.



### **EXHIBIT 3**

## **FUNDING REQUIREMENTS**

### **HTF FUNDING REQUIREMENTS HOUSING TRUST FUND – CITY OF SACRAMENTO FINANCING FOR RESIDENTIAL RENTAL PROPERTY**

These "HTF Funding Requirements" are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the Loan that is described in the Regulatory Agreement. The capitalized terms used in these HTF Funding Requirements shall have the meanings below in the body of these HTF Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these HTF Funding Requirements that are not defined below are defined in the Regulatory Agreement.

1. **RECITALS.** The Loan is funded by the Agency with proceeds of the Housing Trust Fund ("HTF") of the City of Sacramento. The Agency has approved the Loan on condition that the property securing the Loan ("Property") is rehabilitated or developed as residential rental property ("Project") with certain units regulated in accordance with the HTF ("HTF-Assisted Units") by recordation of these HTF Funding Restrictions as covenants running with the land. The Project has been determined to be within a seven-mile distance from the non-residential projects generating the funds or has access to existing or planned public transit such that it is reasonable that tenants of the Project could commute from the Project to the non-residential projects generating the funds. The Project conforms to any City "Fair Share" plan currently adopted and in effect. HTF-Assisted Units are made affordable by such regulation to persons and households that qualify as low-income or very low-income as indicated in the table in Article I of the Regulatory Agreement. The development of the Project will benefit the Project Area because the Project will provide housing for persons who work within the Project Area. The Project is located within the City of Sacramento ("City"). Most Project Area workers live outside of the Project Area and come from throughout the City, including the vicinity of the Property.

2. **AFFORDABILITY REQUIREMENTS.** Owner shall assure that all of the HTF-Assisted Units assisted with HTF funds shall be rented at or below the following rates:

a. Low-Income Units shall be rented for not more than thirty percent (30%) of eighty percent (80%) of the Sacramento Metropolitan Statistical Area median income ("Median Income"), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.

b. Very Low-Income Units shall be rented for not more than thirty percent (30%) of fifty percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.

c. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of HTF-Assisted Units by the bedroom sizes stated in the Regulatory Agreement.

d. Owner shall be responsible to determine the affordable rents for the HTF-Assisted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such rents.

2. **OCCUPANCY REQUIREMENTS.** Owner shall assure that all HTF-Assisted Units shall be occupied by households earning less than eighty percent (80%) of Median Income.

3. **UNIT QUALITY.** Owner shall assure that Assisted Units assisted with HTF funds must be comparable in size and amenities to other units in the Project.

4. **TERM.** These covenants shall burden and regulate the HTF-Assisted Units for a term of thirty (30) years.

**MIHF FUNDING REQUIREMENTS**  
**MIXED INCOME HOUSING FUNDS – CITY OF SACRAMENTO**  
**FINANCING FOR RESIDENTIAL RENTAL PROPERTY**

These “Mixed Income Housing Funding Requirements” (or “MIHF Requirements”) are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the Loan that is described in the Regulatory Agreement. The capitalized terms used in these MIHF Requirements shall have the meanings below in the body of the these MIHF Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these MIHF Requirements that are not defined below are defined in the Regulatory Agreement.

**3. RECITALS.** The Loan is funded by the Agency with proceeds of the Mixed Income Housing Fund (“MIHF”) of the City of Sacramento. The Agency has approved the Loan on condition that the property securing the Loan (“Property”) is rehabilitated or developed as residential rental property (“Project”) with certain units regulated in accordance with the Regulatory Agreement (“MIHF-Assisted Units”) by recordation of these MIHF Requirements as covenants running with the land.

**4. AFFORDABILITY REQUIREMENTS.** Owner shall ensure that all of the MIHF-Assisted Units shall be rented at or below the following rates:

a. Low-Income Units shall be rented for not more than thirty percent (30%) of eighty percent (80%) of the Sacramento Metropolitan Statistical Area median income as determined annually by the federal Department of Housing and Urban Development (“Median Income”), as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

b. Very Low-Income Units shall be rented for not more than thirty percent (30%) of fifty percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

c. Extremely Low-Income Units shall be rented for not more than thirty percent (30%) of thirty percent (30%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

d. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of MIHF-Assisted Units by the bedroom sizes stated in the Regulatory Agreement.

e. Owner shall be responsible for determining the affordable rents for the MIHF-Assisted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such rents.

**5. OCCUPANCY REQUIREMENTS.** Owner shall ensure that all MIHF-Assisted Units shall be occupied by households earning less than eighty percent (80%) of Median Income.

**6. UNIT QUALITY.** Owner shall ensure that MIHF-Assisted Units must be comparable in size and amenities to other units in the Project.

**7. TERM.** These covenants shall burden and regulate the MIHF-Assisted Units for a term of thirty (30) years.

Exhibit 6: Escrow Instructions

**JOINT ESCROW INSTRUCTIONS  
FOR AGENCY LOAN**

<b>"Effective Date"</b>	September 1, 2021
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Agency and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the Agency loan secured by the Property.

**ARTICLE I. GENERAL TERMS.**

1. **GENERAL.** These Escrow Instructions, in addition to items listed below, include Article II Instructions, which is attached to and incorporated in these Escrow Instructions by this reference.

2. **DEFINITIONS.** The capitalized terms in these Escrow Instructions shall have the meanings assigned in Article I General Terms and as defined in Article II Instructions. (Terms being defined are indicated by quotation marks.)

<b>"Title Company"</b>	Fidelity National Title Insurance Company		
	<b>Address:</b>	8525 Madison Avenue, Suite 110, Fair Oaks, CA 95628	
<b>"Escrow" with Title Company</b>	<b>Escrow Number:</b>	FSSE-0101900219 -SR	<b>Attention:</b> Sara Rewinkle
<b>"Agency"</b>	Sacramento Housing and Redevelopment Agency, a joint powers agency		
	<b>Address:</b>	801 12 <sup>th</sup> Street, Sacramento, CA 95814	
	<b>Attention:</b>	Anne Nicholls	
<b>"Borrower"</b>	Merey Housing California 105, L.P., a California limited partnership		
	<b>Address:</b>	2512 River Plaza Drive, Suite 200 Sacramento, CA 95833	
	<b>Attention:</b>	Stephan Daues	
<b>"Closing Date"</b>	September 8, 2021		
<b>"Property"</b>	<b>Address:</b>	4995 Stockton Boulevard, Sacramento, CA 95820	<b>APN:</b> 023-0026-026-0000
<b>Description of the transaction</b>	This transaction involves a loan. The proceeds are to be used by the Borrower towards the acquisition, closing costs, legal costs, and demolition of the warehouse on the subject property. There is a promissory note for the loan and the promissory note is secured by a deed of trust to be recorded against the property. There is also a regulatory agreement and notice of affordability restrictions to be recorded against the Property.		

<b>"Recorded Documents"- The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.</b>	<b>Documents:</b>	<b>Marked for return to:</b>
	Regulatory Agreement Deed of Trust (HTF) Deed of Trust (MIHF)	Sacramento Housing and Redevelopment Agency 801 12 <sup>th</sup> Street, Sacramento, CA 95814 Attn: Portfolio Management
<b>"Agency Items"</b>	Promissory Note (HTF) Promissory Note (MIHF) Loan Agreement for the subject loan Authorizing resolutions for all Borrower signatories	
<b>"Borrower Items"</b>	Loan proceeds in the amount of Four Million Five Hundred Thousand Dollars and No Cents (\$4,500,000.00) for acquisition of the Property and approximately Fifty Thousand Dollars and No Cents (\$50,000.00) in Project Closing Costs. Conformed copies of the recorded documents	

<b>"Special Provisions":</b>	<p>Title to complete RDA Plan Endorsement to address Exception 13.  Title Policy shall, in addition to customary endorsements, bear the following endorsements:</p> <ul style="list-style-type: none"> <li>• CLTA 101.2 Mechanic's Lien Endorsement</li> <li>• ALTA 9.6 and 9.7 (or CLTA 100) Covenants, Conditions or Restrictions</li> <li>• ALTA 25 (or CLTA 116) Improvements Endorsement</li> </ul>
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<b>"Agency Title Policy" in the form of an ALTA Agency's Policy insuring that the following are valid liens against the property:</b>	<b>Documents:</b>	<b>Coverage amount:</b>	
	Regulatory Agreement Deed of Trust (HTF) Deed of Trust (MIHF)	In the amount of the loan secured (\$5,000,000)	
<b>The title policies shall be subject only to the following "Conditions of Title":</b>	Items 1-11; 14-17 of Title Company's Preliminary Report for the Escrow of Title Company's Preliminary Report for the Escrow	<b>Dated:</b>	February 12, 2021
		<b>Number:</b>	FSSE-0101900219-SR

THE PARTIES HAVE EXECUTED THESE ESCROW INSTRUCTIONS in Sacramento, California as of the date first written above.

**BORROWER:**  
**MERCY HOUSING CALIFORNIA 105, L.P.,**  
**A CALIFORNIA LIMITED PARTNERSHIP**

**AGENCY:**  
**SACRAMENTO HOUSING AND REDEVELOPMENT**  
**AGENCY, A JOINT POWERS AGENCY**

By: Mercy Housing California 105 LLC,  
a California limited liability company,  
its general partner

By: \_\_\_\_\_  
La Shelle Dozier  
Executive Director

By: Mercy Housing Calwest,  
a California nonprofit public benefit  
corporation, its sole member/manager

By: \_\_\_\_\_  
Stephan Daues  
Vice President

## ARTICLE II. INSTRUCTIONS

1. **CLOSING DATE.** Escrow shall close on or before the Closing Date as it may be changed from time to time by written agreement of Borrower and Agency.

2. **CONDITIONS TO CLOSE OF ESCROW.** "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

2.1. **CONDITIONS.** The following are conditions to the Close of Escrow:

2.1.1. The conditions precedent to performance stated in the Recorded Documents are satisfied as of the Closing Date.

2.1.2. Simultaneously with the Close of Escrow, Title Company shall issue the Agency Title Insurance to Agency (at Borrower's cost) in the amount stated. The Agency Title Insurance shall include all usual and customary endorsements and any endorsements and other commitments as Agency may reasonably require. The Agency Title Insurance shall show the Recorded Documents marked for return to Agency as valid liens against the Property in favor of the Agency, subject only to the Conditions of Title, and securing, as applicable, Borrower's performance of its obligations and repayment of Agency Funding.

2.1.3. Prior to the Closing Date, the parties shall duly execute (in Escrow or prior to deposit in Escrow) each such document and shall execute those to be recorded in a manner suitable for recording.

2.1.4. On or before the Closing Date, Agency shall also deposit with Title Company the Borrower Items and any Loan Amount then to be disbursed under this Agreement, but not less than closing costs, fees and charges required for Close of Escrow.

2.1.5. On or before the Close of Escrow, Borrower shall also deposit with Title Company the Agency Items and Borrower's share of closing costs and fees.

2.1.6. Title Company is satisfied that all required funds have been deposited in Title Company's account for the Escrow, have cleared the originating bank and are available for transfer by Title Company's check or wire transfer to the appropriate party.

2.2. **DEED OF TRUST FORM.** If no exhibit setting out the form of the Deed of Trust form is attached, the Title Company shall draw the Deed of Trust on the Title Company's Long Form Deed of Trust. Title Company shall assure that the Deed of Trust includes a standard clause giving Agency the option to accelerate the Loan upon the sale, conveyance, transfer or further encumbrance of the Property, whether voluntary or involuntary. Title Company shall also affix the following provision to the Deed of Trust and incorporate it in the Deed of Trust by reference:

*"The Loan Agreement requires the filing of the "Regulatory Agreement" that is defined in the Loan Agreement. The Regulatory Agreement contains covenants running with the land and is recorded against the Property. If Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Agency's written notice to Borrower of such failure, the principal balance of the Loan shall, at Agency's option, be immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds."*

2.3. **UPON CLOSE OF ESCROW.** The Close of Escrow shall take place on the Closing Date. On the Closing Date, Title Company shall complete the Close of Escrow as follows and in the following order (unless otherwise stated, all recorded documents are recorded with the Sacramento County Recorder):

2.3.1. Assure fulfillment of the Special Provisions;

2.3.2. Assure all documents are complete and affix legal descriptions of the Property as necessary to complete them;

2.3.3. Obtain full execution of all unexecuted documents;

2.3.4. Date all undated documents as of the Closing Date;

2.3.5. Record the Recorded Documents in the priority listed;

2.3.6. Determine all closing costs and fees; including without limitation, all charges, fees, taxes and title insurance premiums payable under this Agreement on Close of Escrow and any other fees and charges approved for payment from Escrow by both parties and deduct such fees from the Loan proceeds deposited by Agency in Escrow;

2.3.7. Deliver the Agency Items to Agency and the Borrower Items to Borrower; and

2.3.8. Prepare and deliver to Borrower and Agency, respectively, one signed original of all documents included for delivery to either party and not delivered for recording, one signed original of Title Company's closing statement showing all receipts and disbursements of the Escrow, and one conformed copy of each of the recorded documents.

2.4. **INABILITY TO CLOSE.** If Title Company is unable to simultaneously perform all of the preceding instructions, Title Company shall notify Borrower and Agency, and upon each of their directions return to each party all documents, items and funds deposited in Escrow by such party (less fees and expenses incurred by the respective party) and bill the respective parties for any unpaid fees and expenses incurred in Escrow. If Escrow fails to close on the Closing Date because Borrower has not complied with Borrower's obligations under this Loan Agreement, then Borrower shall pay the costs incurred through Escrow to the date the Escrow is terminated, including the cost of any preliminary title report and any cancellation fees or other costs of this Escrow. If Escrow fails to close on or before the Closing Date because Agency has not complied with Agency's obligations under this Loan Agreement, such costs shall be paid by Agency. If Escrow fails to close on or before the Closing Date for any other reason, such costs shall be divided equally between the parties.

2.5. **COMMISSIONS.** Agency is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

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**ACCEPTANCE OF ESCROW INSTRUCTIONS**

Your acceptance of this escrow shall create a contractual obligation by you with Agency and Borrower for complete compliance with these instructions. Agency and Borrower reserve the right to jointly revoke this escrow at any time upon their payment to you of your fees and reimbursement to you of your expenses in accordance with the terms of these escrow instructions. Your obligations as Escrow Holder under these escrow instructions shall be subject to the following provisions:

You are not responsible as to the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow nor as to the authority or rights of any person executing such instrument. Except as otherwise provided in these escrow instructions, your duties as Escrow Holder are limited to the proper handling of monies and the proper safekeeping of instruments and other items received by you as Escrow Holder, and for the performance of your obligations as specifically provided under these escrow instructions. You are responsible for the sufficiency of any instruments or documents prepared by you for this escrow.

Borrower agrees to indemnify and hold you harmless from damages incurred as a result of your good faith and diligent performance of your duties under these escrow instructions.

Upon your acceptance of these escrow instructions, return the executed counterparts of these escrow instructions to Agency and Borrower, respectively.

Escrow Holder acknowledges receipt of the foregoing escrow instructions and agrees to act as Escrow Holder and to comply with the terms and conditions of the escrow instructions.

Dated: \_\_\_\_\_

**TITLE COMPANY  
FIDELITY NATIONAL TITLE INSURANCE COMPANY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Its authorized agent and signatory

## Exhibit 7A: HTF Funding Requirements

### **HTF FUNDING REQUIREMENTS HOUSING TRUST FUND – CITY OF SACRAMENTO FINANCING FOR RESIDENTIAL RENTAL PROPERTY**

These “HTF Funding Requirements” are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the Loan that is described in the Regulatory Agreement. The capitalized terms used in these HTF Funding Requirements shall have the meanings below in the body of the these HTF Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these HTF Funding Requirements that are not defined below are defined in the Regulatory Agreement.

**1. RECITALS.** The Loan is funded by the Agency with proceeds of the Housing Trust Fund (“HTF”) of the City of Sacramento. The Agency has approved the Loan on condition that the property securing the Loan (“Property”) is rehabilitated or developed as residential rental property (“Project”) with certain units regulated in accordance with the HTF (“HTF-Assisted Units”) by recordation of these HTF Funding Restrictions as covenants running with the land. The Project has been determined to be within a seven-mile distance from the non-residential projects generating the funds or has access to existing or planned public transit such that it is reasonable that tenants of the Project could commute from the Project to the non-residential projects generating the funds. The Project conforms to any City “Fair Share” plan currently adopted and in effect. HTF-Assisted Units are made affordable by such regulation to persons and households that qualify as low-income or very low-income as indicated in the table in Article I of the Regulatory Agreement. The development of the Project will benefit the Project Area because the Project will provide housing for persons who work within the Project Area. The Project is located within the City of Sacramento (“City”). Most Project Area workers live outside of the Project Area and come from throughout the City, including the vicinity of the Property.

**2. AFFORDABILITY REQUIREMENTS.** Owner shall assure that all of the HTF-Assisted Units assisted with HTF funds shall be rented at or below the following rates:

a. Low-Income Units shall be rented for not more than thirty percent (30%) of eighty percent (80%) of the Sacramento Metropolitan Statistical Area median income (“Median Income”), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.

b. Very Low-Income Units shall be rented for not more than thirty percent (30%) of fifty percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.

c. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of HTF-Assisted Units by the bedroom sizes stated in the Regulatory Agreement.

d. Owner shall be responsible to determine the affordable rents for the HTF-Assisted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such rents.

**2. OCCUPANCY REQUIREMENTS.** Owner shall assure that all HTF-Assisted Units shall be occupied by households earning less than eighty percent (80%) of Median Income.

**3. UNIT QUALITY.** Owner shall assure that Assisted Units assisted with HTF funds must be comparable in size and amenities to other units in the Project.

**4. TERM.** These covenants shall burden and regulate the HTF-Assisted Units for a term of thirty (30) years.



Exhibit 7B: MIHF Funding Requirements

**MIHF FUNDING REQUIREMENTS  
MIXED INCOME HOUSING FUNDS – CITY OF SACRAMENTO  
FINANCING FOR RESIDENTIAL RENTAL PROPERTY**

These “Mixed Income Housing Funding Requirements” (or “MIHF Requirements”) are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the Loan that is described in the Regulatory Agreement. The capitalized terms used in these MIHF Requirements shall have the meanings below in the body of the these MIHF Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these MIHF Requirements that are not defined below are defined in the Regulatory Agreement.

**1. RECITALS.** The Loan is funded by the Agency with proceeds of the Mixed Income Housing Fund (“MIHF”) of the City of Sacramento. The Agency has approved the Loan on condition that the property securing the Loan (“Property”) is rehabilitated or developed as residential rental property (“Project”) with certain units regulated in accordance with the Regulatory Agreement (“MIHF-Assisted Units”) by recordation of these MIHF Requirements as covenants running with the land.

**2. AFFORDABILITY REQUIREMENTS.** Owner shall ensure that all of the MIHF-Assisted Units shall be rented at or below the following rates:

a. Low-Income Units shall be rented for not more than thirty percent (30%) of eighty percent (80%) of the Sacramento Metropolitan Statistical Area median income as determined annually by the federal Department of Housing and Urban Development (“Median Income”), as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

b. Very Low-Income Units shall be rented for not more than thirty percent (30%) of fifty percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

c. Extremely Low-Income Units shall be rented for not more than thirty percent (30%) of thirty percent (30%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective MIHF-Assisted Unit.

d. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of MIHF-Assisted Units by the bedroom sizes stated in the Regulatory Agreement.

e. Owner shall be responsible for determining the affordable rents for the MIHF-Assisted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such rents.

**3. OCCUPANCY REQUIREMENTS.** Owner shall ensure that all MIHF-Assisted Units shall be occupied by households earning less than eighty percent (80%) of Median Income.

**4. UNIT QUALITY.** Owner shall ensure that MIHF-Assisted Units must be comparable in size and amenities to other units in the Project.

**5. TERM.** These covenants shall burden and regulate the MIHF-Assisted Units for a term of thirty (30) years.



# 4995 Stockton Blvd.



**4995 Stockton Boulevard**  
 Sacramento, CA 95820



SHRA GIS  
 April 13, 2021

### 4995 Stockton Boulevard Site Plan



4995 Stockton Boulevard  
Project Rendering



TRIPLEX BUILDING



APARTMENT BUILDING



BOULEVARD BUILDING



**4995 Stockton Boulevard  
Residential Project Summary**

<b>Address</b>	4995 Stockton Blvd, Sacramento 95820					
<b>Number of Units</b>	200					
<b>Construction Type</b>	New Construction					
<b>Acreage</b>	7.78 (338,025.6 Sq Ft)					
<b>Unit Mix</b>	<u>ELI 30% AMI</u>	<u>VLI 50% AMI</u>	<u>LI 60% AMI</u>	<u>LI 70% AMI</u>	<u>Exempt Management Units</u>	<u>Total</u>
1 Bedroom/1 Bath	9	10	15	13	0	47
2 Bedroom/1 Bath	9	44	22	18	2	95
3 Bedroom/1.5 Bath	9	17	14	18	0	58
<b>TOTAL</b>	<b>27</b>	<b>71</b>	<b>51</b>	<b>49</b>	<b>2</b>	<b>200</b>
<b>Square Footage</b>			<u>Per Unit</u>		<u>Total Sq Ft</u>	
1 Bedroom/1 Bath			700		32,900	
2 Bedroom/1 Bath			950		90,250	
3 Bedroom/1.5 Bath			1,300		75,400	
Common Areas					43,660	
<b>TOTAL</b>					<u>242,210</u>	
<b>Resident Facilities</b>	Management offices, resident community space with kitchen, laundry facilities, computer room, elevator in community building, landscape courtyards with seating areas, two playgrounds for ages 2-5 and 5-12, barbecue areas, picnic tables, 296 vehicle and 124 bicycle parking spaces.					
<b>Permanent Sources</b>	<u>Current Total</u>		<u>Per Unit</u>		<u>Per Sq Ft</u>	
Federal Tax Credit Equity	\$ 42,657,167		\$ 213,286		\$ 176.12	
State Tax Credit Equity	\$ 23,338,636		\$ 118,693		\$ 96.36	
Tax Exempt Loan	\$ 9,580,207		\$ 47,901		\$ 39.55	
SHRA Loan	\$ 15,000,000		\$ 75,000		\$ 61.93	
Deferred Developer Fee	\$ 3,300,000		\$ 16,500		\$ 13.62	
GP Contribution	\$ 6,453,774		\$ 32,269		\$ 28.65	
Fee Waiver	\$ 128,400		\$ 642		\$ 0.53	
<b>TOTAL SOURCES</b>	<b>\$ 100,468,183</b>		<b>\$ 502,291</b>		<b>\$ 414.76</b>	
<b>Permanent Uses</b>						
Acquisition	\$ 4,500,000		\$ 22,500		\$ 18.58	
Construction	\$ 64,371,953		\$ 321,860		\$ 265.77	
Environmental Cleanup	\$ 1,811,433		\$ 9,057		\$ 7.48	
Demolition	\$ 120,000		\$ 600		\$ 0.50	
Permits and Fees	\$ 4,115,598		\$ 20,578		\$ 16.99	
Architecture and Engineering	\$ 2,489,964		\$ 12,450		\$ 10.28	
Hard Cost Contingency	\$ 3,309,169		\$ 18,548		\$ 13.66	
Soft Cost Contingency	\$ 590,000		\$ 2,950		\$ 2.44	
Financing Costs	\$ 4,823,179		\$ 24,116		\$ 19.91	
Operating Reserves	\$ 530,039		\$ 2,650		\$ 2.19	
Legal Fees	\$ 305,000		\$ 1,525		\$ 1.28	
Developer Fee	\$ 11,939,114		\$ 59,696		\$ 49.29	
Insurance, Third Party, Marketing, Other	\$ 1,552,734		\$ 7,764		\$ 6.41	
<b>TOTAL USES</b>	<b>\$ 100,468,183</b>		<b>\$ 502,291</b>		<b>\$ 414.76</b>	
<b>Leverage</b>	<u>SHRA \$ per Unit</u>		<u>Per Unit Cost</u>		<u>Leverage</u>	
	\$ 75,000		\$ 502,291		\$1.00 : \$6.70	
<b>Management/Operations</b>						
Proposed Developer			Mercy Housing California			
Property Management Company			Mercy Housing Management Group			
Operations Budget	\$ 1,033,000		\$ 5,165			
Property Management	\$ 144,000		\$ 720			
Resident Services	\$ 88,000		\$ 440			
Replacement Reserves	\$ 50,000		\$ 250			
Taxes and Insurance	\$ 130,000		\$ 650			