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HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

801 12th Street - 4th Floor

Sacramento, CA 95814

Attn: Development Department

DISPOSITION AND DEVELOPMENT AGREEMENT

DEL PASO HEIGHTS AND OAK PARK NEIGHBORHOODS

(12 VACANT LOTS - SCATTERED SITES)

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

DEL PASO HOMES, INC.

_____ 2017

DISPOSITION AND DEVELOPMENT AGREEMENT

12 Vacant Lots – Scattered Sites
Sacramento, California

THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, and DEL PASO HOMES, INC. also called Agency and Developer, respectively, enter into this Disposition and Development Agreement, also called DDA, as of _____ 2017. For purposes of this Agreement, the capitalized terms shall have the meanings assigned in Section 17.

RECITALS

- A. Agency is the owner of real property consisting of twelve (12) vacant, residential lots in the City of Sacramento, State of California, more particularly described in the Property Description (Exhibit 1: Legal Description (Property)).
- B. The Property consists of twelve (12) vacant, residential lots comprised of four (4) vacant, residential lots scattered throughout the Del Paso Heights neighborhood and eight (8) vacant, residential lots scattered throughout the Oak Park neighborhood. Developer acknowledges that the Agency originally purchased the Property from the former Redevelopment Agency which was formed and acted under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and therefore this document is governed by the Community Redevelopment Law. This DDA is consistent with, and furthers, the former Redevelopment Plans and the "Implementation Plans" adopted for the Project Areas in that it meets the following implementation plan goals to eliminate blighting influences by developing vacant lots and increasing the community's supply of affordable housing which shall be made available for households having income of one hundred and twenty percent (120%) or less of the Area Median Income, as established by the United States Department of Housing and Urban Development (HUD).
- C. The primary purpose of this DDA is to increase the community's supply of housing, especially affordable housing and the elimination of the following blighting influences: low values and impaired investment. In order to accomplish such purpose, the DDA provides that the Agency will transfer the Agency's interests in the Property, in phases, to Developer upon the express condition that Developer will redevelop the Property, in phases, for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property on a phased basis, and Agency desires to sell the Property, in phases, for development of twelve (12) new single family homes on the terms and conditions in this DDA.

AGREEMENT

NOW THEREFORE, the parties acknowledge that the foregoing Recitals are true and correct, and based upon such Recitals and in consideration of the following mutual covenants, obligations and agreements and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property, in phases to Developer solely for the purpose of developing the Project. The Project shall be the following: Phased construction of twelve (12) new single family homes on four (4) vacant lots in the Del Paso Heights neighborhood consistent with the Del Paso Heights Design Guidelines and eight (8) vacant lots in the Oak Park neighborhood consistent with the Oak Park Design Standards and Guidelines, and pursuant to the Scope of Development, attached hereto and incorporated herein as Exhibit 3. The newly constructed houses are to be sold to owner-occupants having a household income of one hundred and twenty percent (120%) or less of the Area Median Income, as established by the United States Department of Housing and Urban Development (HUD).
3. **PURCHASE AND SALE.** Agency agrees to sell and Developer agrees to purchase the Property in up to two (2) phases subject to the terms and conditions in this DDA. The first phase ("**Phase 1**") will consist of the four (4) lots in the Del Paso Heights Neighborhood, more particularly described as "Phase 1" in Exhibit 3 attached hereto. The second phase ("**Phase 2**") may consist of some or all of the remaining eight (8) lots in the Oak Park neighborhood, more particularly described as "Phase 2" in Exhibit 3 attached hereto. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreements to be executed by the Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.
4. **PURCHASE PRICE.** The Purchase Price for each Phase shall be the sum total of the appraised fair market value amounts for each lot purchased in that phase (see Exhibit 4, attached hereto, for a schedule of the agreed-upon appraised fair market values for each of the lots). The Purchase Price for Phase 1 shall be One Hundred, Fifty-Six Thousand Dollars and No Cents (\$156,000.00). The Purchase Price for Phase 2 shall be Four Hundred Ninety Thousand Dollars and No Cents (\$490,000.00), for a total Purchase Price of Six Hundred Forty-Six Thousand Dollars and No Cents (\$646,000.00) for all twelve (12) lots. The purchase price for each Phase shall be paid pursuant to the Promissory Note of the Acquisition Loan Agreement (Seller Carry-Back Loans), all in accordance with the Funding Agreement.

4.1. **ESCROW.** Each Phase will be subject to its own escrow, which shall be conducted and closed pursuant to escrow instructions agreed upon by the parties as to each Phase. With respect

to Phase 1, Developer and Agency have opened, or within ten (10) days after the Effective Date, shall open, the Escrow account subject to the provisions of the Escrow Instructions. Agency and Developer shall execute and deliver the Escrow Instructions to Title Company within ten (10) days after the Effective Date.

4.2. CONDITIONS TO AGENCY'S PERFORMANCE. Agency's obligation to perform under this DDA is subject to all of the following conditions:

4.2.1. Developer has performed all of the obligations that it is required to perform pursuant to this DDA, including without limitation, obtaining all required approvals of the Plans; obtaining building permits sufficient to commence Project construction; providing all required budgets, reports and evidence of funding and insurance; and providing required construction contracts.

4.2.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.2.3. Developer's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.2.4. The DDA is in full force and effect, no default on the part of Developer having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Developer under the DDA.

4.3. CONDITIONS TO DEVELOPER'S PERFORMANCE. Developer's obligation to perform under this DDA is subject to satisfaction of all of the following conditions:

4.3.1. Agency has performed all of the obligations that it is required to perform pursuant to this DDA.

4.3.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.3.3. Agency's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.3.4. The DDA is in full force and effect, no default on the part of Agency having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Agency under the DDA.

4.4. GENERAL COVENANTS AND REPRESENTATIONS AND WARRANTIES. The parties make the following covenants, representations and warranties regarding the Property and the Project.

4.4.1. **AGENCY'S REPRESENTATIONS AND WARRANTIES.** Agency represents and warrants to Developer that as of the date of this DDA and as of the Close of Escrow, the date for which is set forth on the Schedule of Performances, to the knowledge of Agency's legal

department, its Executive Director, and its staff with responsibility for development of the Property:

a) Agency has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are in violation of any applicable laws regarding Hazardous Substances, or informing Agency that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property.

b) Disclaimer of Warranties; "AS IS" Purchase. Developer acknowledges that it will have had an opportunity to conduct its Due Diligence Investigation of the Property and will acquire the Property in their current condition based thereon. Developer acknowledges and agrees that the Property are to be conveyed by Agency to Developer "as is, with all faults," and substantially in their current condition, including the presence of Hazardous Material at the Property for which Developer agrees to be responsible, at Developer's cost and expense, to cleanup and remediate in accordance with the requirements of all Environmental Laws. If Hazardous Substances are discovered on any parcel of the Property prior to conveyance to Developer, and are not the result of release by any Developer's activities, Agency shall pay to Developer through credit in Escrow against the cash portion of the Purchase Price for the cost and expense to cleanup and remediate in an amount not to exceed the fair market purchase price on the particular lot in question, in accordance with the requirements of all Environmental Laws. Developer further acknowledges and agrees that, except for the representations and warranties by Agency set forth in this Section 4.4.1, and the indemnity provisions provided in Section 10, the sale of the Property to Developer is made without any warranty or representation of any kind by Agency, either express or implied or arising by operation of law, and Agency shall have no liability to Developer with respect to the nature, value, uses, habitability, merchantability, suitability, condition, design, operation, rents, financial condition or prospects, fitness for purpose or use, or the manner, construction, condition or state of repair or lack of repair of the improvements of the Property (or any part thereof), or any other aspect, portion or component of the Property whatsoever, it being specifically understood and agreed that Developer shall have full opportunity, during the Due Diligence Investigation, to determine for itself the condition of the Property.

c) To the best of Agency's knowledge, there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property.

d) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Agency; are binding obligations of Agency; and do not violate the provisions of any agreements to which Agency is a party.

e) Any information that Agency has delivered to Developer, either directly or through Agency's agents, is, to the best of Agency's knowledge, accurate, and Agency has disclosed all material facts concerning the operation, development, terms of acquisition, or condition of the Property.

4.4.2. AGENCY'S COVENANTS. Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Agency shall promptly notify Developer of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

b) Agency shall not permit any liens, encumbrances, or easements to be placed on the Property, other than the approved exceptions named as acceptable in the Escrow Instructions or as identified and approved in this DDA.

c) Agency shall not, without Developer's written consent, enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Property that would be binding on Developer or the Property after the Close of Escrow without the prior written consent of Developer, except as otherwise agreed in this DDA.

d) Agency shall not permit any act of waste or act that would tend to diminish the value of the Property for any reason, other than ordinary wear and tear.

e) Agency shall convey the Property to Developer pursuant to the terms and conditions contained in this DDA.

4.4.3. DEVELOPER'S REPRESENTATIONS AND WARRANTIES. Developer, for itself and its principals, represents and warrants to Agency that as of the date of this DDA and as of the Close of Escrow:

a) Developer has reviewed, or, by the Close of Escrow, will have, the condition of the Property, including without limitation, the physical condition of the Property (above and below the surface) and issues regarding land use and development of the Property, and if Developer closes Escrow for the acquisition of the Property, Developer shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses.

b) Developer's agreement to close the Escrow for the acquisition of the Property serves as Developer's representation that Developer has obtained all additional information regarding the Property that Developer considers necessary for its due diligence in acquiring the Property.

c) To the best of Developer's knowledge, there is no pending or threatened litigation, administrative proceeding or other legal or governmental action with respect to Developer which would affect its ability to fulfill its obligations under this DDA and acquire the Property or which may constitute a lien against Developer's equity or Developer's interests in the Property, now or in the future.

d) Any information that Developer has delivered to Agency, either directly or through Developer's agents, is, to the best of Developer's knowledge, accurate, and Developer has disclosed all material facts concerning the operation, development, or condition of the Property.

e) Developer has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. Developer represents that any equity and funding commitments represented by Developer to Agency as available to the Project are unencumbered and that Developer has not represented to any other party that it will use such funds for any purpose other than the Project (and covenants that it will not use them for any other purpose) without prior written Agency consent.

f) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Developer; are binding obligations of Developer; and do not violate the provisions of any agreements to which Developer is a party.

4.4.4. DEVELOPER'S COVENANTS. Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Developer covenants by and for itself and assigns, and all persons claiming under or through it, that it shall not discriminate on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale, lease or rental or in the use or occupancy of the Property and the Project.

b) Developer shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

c) Developer shall not cause any liens, encumbrances, or easements to be placed on the Property prior to Close of Escrow, except as otherwise permitted by this DDA or approved in writing by Agency.

d) Developer shall not cause any act of waste or act that would tend to diminish the value of the Property for any reason, except that caused by ordinary wear and tear.

e) Developer shall be solely responsible for the cost and acquisition of the remaining parcels of the Project Site.

f) Developer shall complete the development of the Project at Developer's cost and without requesting or receiving additional Agency or City contributions to the Project other than as provided in this DDA.

g) Developer shall comply with all provisions of the Regulatory Agreement, and cause any subsequent purchaser of the property to so comply.

4.4.5. CLOSE OF ESCROW. In each Phase, the Escrow shall not close, and the portion of the Property in that Phase shall not be conveyed to Developer unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow. The Escrow shall close on or about the date shown on the Schedule of Performances.

4.5. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW. If, prior to the Close of Escrow in any given Phase: (a) damage occurs to any portion of the Property by

earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by Developer or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed ten percent (10%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a ten percent (10%) or more decrease in the after-taking value of the Property, Agency shall notify Developer in writing of the damage, destruction or condemnation. Developer may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

4.5.1. If this DDA is to continue in full force and effect after any such damage or destruction, Agency shall do one of the following:

a) Agency shall pay or assign to Developer any amount due from or paid by any insurance company or any other party as a result of the damage; and the amount of any deductible under Agency's insurance policy; or

b) Agency shall pay to Developer through credit in Escrow against the cash portion of the Purchase Price for the cost of repairing or correcting such damage not covered by insurance, provided, however, that the amount of any payment of such credit against the Purchase Price pursuant to this clause shall not exceed thirty percent (30%) of the Purchase Price. If this DDA is to continue in full force and effect after such condemnation action, Agency shall pay any amounts received on account of, and assign to Developer all of Agency's rights regarding, any awards for such taking.

4.5.2. **COMMISSIONS.** Agency is not responsible, by this DDA or otherwise, to pay commissions on this transaction or any related transaction.

5. **AGENCY FUNDING.** The Agency shall provide funding for the Project as provided in the Funding Agreement to extent that Agency will provide a seller carry-back loan for each lot in each Phase of the Project. All terms regarding Agency funding are in the separate Funding Agreements, including without limitation, the source and use of funds.

6. **PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS.** The Agency shall have the right, but not the obligation, to review Plans to assure their conformity with the provisions of this DDA. Based upon such review the Agency shall have the right to approve or reject the Plans for reasonable cause.

6.1. **EXTENT AND CHARACTER OF PLAN REVIEW.** Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Plans further the Redevelopment Plan; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by the Agency. This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project

design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

6.2. CONCURRENT REVIEW. Agency agrees that its review of the Final Plans shall occur before or concurrently with City's review of such plans, so as not to delay the commencement and progress of Project development.

6.3. PLANS. Developer has provided Agency with Plans, and the Agency has approved the Plans concurrently with this DDA. The Agency has been induced to undertake its obligations under this DDA by Developer's promise to develop the Project in accordance with the Plans, the Scope of Development and the provisions of this DDA.

6.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS. Developer shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. Developer shall submit the Final Plans to the Agency for Agency's review. The Final Plans shall conform in all material respects to this DDA, including without limitation, Plans and the Scope of Development. To the extent that the DDA has insufficient detail or is unclear, the DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of City approval of the project, unless otherwise fulfilled. Developer agrees that it will comply with the requirements of the City of Sacramento Design Review/Preservation Board to the extent of its jurisdiction.

6.5. DELIVERY. Developer shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: 12 Vacant Lots – Scattered Sites in the Del Paso Heights and Oak Park Neighborhoods PROJECT PLAN REVIEW" or the equivalent.

6.5.1. DEEMED APPROVAL. If duly marked and delivered, the Final Plans or changes to the Final Plans shall be deemed approved unless disapproved in whole or in part, in writing, within thirty (30) days after their proper delivery to Agency.

6.5.2. AGENCY DISAPPROVAL. If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that the Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If the Agency rejects the

proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

6.6. GOVERNMENTAL CHANGES. If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, the Developer shall inform the Agency. If Agency and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by Agency. If Agency or Developer reasonably disagrees with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative.

6.7. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS. If the Developer desires to make any substantial changes in the Final Plans, Developer shall submit such proposed changes, in writing, to the Agency for its approval. The Agency shall approve or disapprove the proposed change as soon as practicable. The Final Plans shall be construed to include any changes approved in the same manner as for approval of the original Final Plans under this section. The Final Plans shall be construed to include any such changes. Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

6.7.1. SUBSTANTIAL CHANGE. A substantial change in the Final Plans shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

- a) Material changes in the layout, elevation design, functional utility or square footage.
- b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.
- c) Any change that reduces the effectiveness of any mitigation measure required for CEQA approval of the Project.
- d) Material changes in site development items for the Property that are specified in the Final Plans.
- e) Material changes in quality of project or landscaping materials.
- f) Any change in public amenities specified in the Final Plans.
- g) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer.

h) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

6.7.2. MISREPRESENTATION. If the Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by Developer or by anyone on Developer's behalf, the Agency may, within a reasonable time after discovery of the misrepresentation, take any action permitted by law with regard to any such misrepresentation, notwithstanding Agency's prior approval, including without limitation, rescission of the approval or such other equitable remedies as may then be appropriate to such rescission.

7. DEVELOPMENT PROVISIONS. As stated in detail in this Section 7, Developer shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code Section 33000) shall control.

7.1. NOTICE TO PROCEED. Developer shall not enter the Property or begin work on any phase of the Project until the Agency has issued to Developer a written notice to proceed with the work for that specific phase. Agency will issue a notice to proceed after Agency approval of the Final Plans, City's issuance of a building permit for substantially more than the Project foundations, Developer's compliance with all governmental requirements for start of construction, Developer's provision of required policies of insurance, and Developer's provision of proof of construction financing in an amount adequate to complete construction of the homes within the Project work phase.

7.2. CONSTRUCTION CONTRACTS. Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is revested in the Agency pursuant to Section 13.1, Developer shall assign all rights under the construction contracts to Agency.

7.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, Developer is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the City of Sacramento. To assure proper review by the City, Developer shall, within thirty (30) days of the date of this DDA, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, Developer shall, as applicable, take designs before the City's Design Review/Preservation Board or its appropriate subcommittee for comment as soon as practicable. Conditions to the project imposed by the City shall be considered obligations of the Developer under this DDA. If a dispute with City staff arises regarding such City conditions, Developer shall accept the decision of the City's Planning Commission interpreting, imposing and

enforcing such City conditions, subject to any applicable appeals process of the Planning Commission.

7.4. ART IN PUBLIC PLACES EXEMPTION. The Project improves and increases the stock of affordable housing in the community. Imposition of the Art in Public Places Program would increase the cost of the Project substantially and reduce either the number of affordable units available in the Project or the affordability of those units. Therefore, the Aesthetic Improvement Policy requirements are not applicable.

7.5. SUBSTANTIAL CHANGES. Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 6.7, without Agency approval of such changes as provided in Section 6.7.

7.6. LOCAL, STATE AND FEDERAL LAWS. The Developer shall assure that the construction of the Project is carried out in conformity with all applicable laws and regulations, including all applicable federal and state labor standards. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, Developer shall at its own expense secure any and all certifications and permits which may be required by any governmental agency having jurisdiction over such construction, development or work. Agency shall cooperate in securing certifications and permits which require consent of the owner of the property. Developer shall permit only persons or entities which are duly licensed in the State of California, County of Sacramento and City of Sacramento, as applicable, to perform work on or for the Project.

7.7. PREVAILING WAGES. Agency is conveying the vacant lots at the lots' fair market value as determined by an appraisal. Therefore, absent any public subsidies or public funding, this fair market rate transaction does not by itself require the payment of state prevailing wages. Developer and Contractor have had the opportunity to meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Developer and Contractor have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer indemnifies, holds harmless and defends the Agency 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, or any of its phases, by Developer or Contractor or both of them.

7.8. PUBLIC SAFETY PROTECTIONS. Developer shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the Property or Developer's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

7.9. NO DISCRIMINATION DURING CONSTRUCTION. Developer 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.

7.9.1. EMPLOYMENT. Developer 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. The Developer 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. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

7.9.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS. The contract 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 consistent with Section 3 of the HUD Act of 1968 and the Workforce Development Plan attached hereto as Exhibit 7. Compliance with the requirements of this Section 7.9.2 as presented in Exhibit 7 must be satisfied for each phase identified in the Scope of Development.

7.9.3. ADVERTISING. Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, gender identity or sexual orientation, sex, marital status, national origin, ancestry, language proficiency familial status, medical condition or disability.

7.9.4. MONITORING PROVISIONS. Developer, Contractor and subcontractors shall comply with the requirements of the Agency for monitoring the anti-discrimination and all applicable labor requirements.

7.10. PUBLIC IMPROVEMENTS. Developer shall, at Developer's expense, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities for the development of the Property.

7.11. AGENCY ACCESS TO THE PROPERTY. Developer shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project. Agency agrees to indemnify and hold Developer harmless from any claim for liabilities, costs, expenses, (including reasonable attorneys' fees actually incurred), damages, or injuries arising out of or result from inspection of the Property by Agency or its agents.

7.12. PROJECT SIGN. If Developer 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. The Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

7.13. CERTIFICATE OF COMPLETION. After the Agency has determined that Developer has completed the construction of each phase of the Project in accordance with the Final Plans and Developer's obligations under this DDA, the Agency will furnish the Developer with the Certificate of Completion certifying such completion as to that completed phase. The Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA with respect to the obligations of the Developer to construct the Project as of the Completion Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

7.13.1. The Certificate of Completion shall not constitute evidence of compliance with any governmental requirements regarding the Project other than those of Agency or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance all or any part of the Project. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any provision of this DDA that is not related to construction of the Project.

7.13.2. If the Agency fails to provide a Certificate of Completion within fifteen (15) days after written request by Developer, the Agency shall, within an additional fifteen (15) days after a second written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Project in accordance with the provisions of the DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of the Agency, for the Developer to take or perform in order to obtain such certification.

7.14. REPORTS. During the period of construction, the Developer shall submit to the Agency a written report of the progress of the work as and when reasonably requested by the Agency, but not more often than once each month.

7.15. NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS. Developer shall assure notification of the Project contractors, architects and engineers for the Project of the requirements of this DDA. Developer shall include, where applicable, the provisions of this DDA in construction contracts, subcontracts, materials and supplies contracts and services and consulting contracts for the Project, and Developer shall undertake the enforcement of such provisions.

7.16. PROPERTY CONDITION. Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and Developer, Developer shall be solely responsible for the adequacy

of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the Developer to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

7.17. ZONING OF THE PROPERTY. Agency exercises no authority with regard to zoning of the Property. Developer shall assure that zoning of the Property at the time of development shall be such as to permit the development and construction, use, operation and maintenance of the Project in accordance with the provisions of this DDA.

7.18. HAZARDOUS SUBSTANCES. Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed Five Thousand Dollars (\$5,000), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA.

7.19. DEVELOPER ACCESS TO PROPERTY. Prior to the conveyance of the Property by Agency to Developer, the Agency shall permit representatives of Developer to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out Developer's obligations under the DDA; provided, however, that Developer shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Non-responsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written

approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

8. RELOCATION. Agency is required by law to provide relocation services and make relocation payments to eligible tenants that are displaced as a result of the Project. Agency and Developer acknowledge and agree that there are no eligible residents or tenants on the vacant lots.

9. DEVELOPMENT FINANCING. Except as specifically provided in this DDA, Developer shall be responsible for and shall pay all costs of developing each phase of the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the sites included in the first phase and each subsequent phase of the Project to Developer, Developer shall provide the Agency with a complete and firm Project budget covering the phase of the Project being conveyed including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. In addition, prior to each phase of the Project, Developer shall provide evidence, satisfactory to the Agency, of the additional required construction and permanent financing to complete the phase being conveyed. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for any phase of the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

9.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by the Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 9.3); (b) firm and binding loan commitments (as provided in Section 9.2) from each Lender, in form and content acceptable to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by the Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

9.2. COMMITMENT AND LOAN REQUIREMENTS. As a material obligation under this DDA, Developer shall assure that the loan documents for each phase of the Project are consistent with the Lender's commitment approved by the Agency and comply, in all respects, with this DDA. The Agency may reject a loan commitment unless such commitment: (a) is subject only to Lender's reasonable conditions of title and Developer's execution of standard loan documents (copies of which have been previously provided to and approved by the Agency); (b) contains only usual, customary, and commercially reasonable loan terms; (c) continues in effect until a time when subject financing is reasonably expected to be required; and (d) for construction financing, provides for a construction loan term not less than that specified in the Schedule of Performances for completion of construction and any additional time necessary to fulfill all conditions precedent to funding of permanent financing. The Agency may also reject any commitment if it is based upon sources and uses of each phase of the Project funds that are different from those approved by Agency. The Agency may also reject any commitment that requires changes to the phases of the Project which conflict with this DDA, that require

amendment of this DDA or that require the Agency to enter into agreements with any Lender, guarantor, equity partner or any other third-party.

9.2.1. SUBORDINATION AGREEMENT. Agency will enter into a subordination agreement if requested by Developer's primary lender.

9.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by the Agency, Developer may provide evidence of equity required by the construction to complete each phase by any one of the following actions: (a) deposit of the required equity in a joint account with the Agency, which funds shall be released only upon the joint signatures of the Agency and the Developer; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and content as provided by the Agency, which letter of credit shall provide that the Agency may draw to fulfill any Developer obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. Developer shall not provide evidence of equity that includes funds not available at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated Developer profit or fees or Developer contribution of services to the Project. The Agency may reject any submitted evidence of equity if the Agency has any reason to believe that such funds may not be available to the Project.

10. INDEMNIFICATION FOR HAZARDOUS SUBSTANCES. Developer shall indemnify, protect and defend Agency, its officers, directors, council members and supervisors, employees, advisory committee members, and agents, and hold them harmless from any and all liability, costs, fees, fines, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to the existence of Hazardous Substances on the Property that were not on the Property prior to Agency's transfer of possession of the Property to Developer or that were related to the removal or discharge of Hazardous Substances by Developer, or its employees, agents or contractors, during Developer's remediation of the Property pursuant to this Section.

Agency shall indemnify, protect and defend Developer, its officers, directors, employees, and agents, and hold them harmless from any and all liability, costs, fees, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to Hazardous Substances discharged on the Property during Agency's ownership of the Property or related to the removal or discharge of Hazardous Substances by Agency or its employees, agents or contractors.

11. INDEMNIFICATION. Developer shall indemnify, protect, defend and hold harmless Agency, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from bodily injury, death and property damage caused by or resulting from the acts or omissions of Developer, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency in defending against such liability

claims, including attorney's fees, except to the extent of injury, death or property damage caused by the active negligence, willful misconduct, or gross negligence of Agency.

This indemnification provision shall survive the termination of this Agreement.

12. LIABILITY INSURANCE. With regard to this DDA, the Developer shall obtain and maintain for the life of the Regulatory Agreements, and require the Contractor and subcontractors for the Project to obtain and maintain for the term of the development of the Project, such insurance as will protect them, respectively, from the following claims which may result from the operations of the Developer, Contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable: (a) claims under workers' compensation benefit acts; (b) claims for damages because of bodily injury, occupational sickness or disease, or death of its employees; (c) claims for damages because of bodily injury, sickness or disease, or death of any person other than its employees; (d) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the Developer, or (2) by any other person, claims for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; (e) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and (f) claims for contractual liability arising from the Developer's obligations under this DDA.

12.1. LIABILITY INSURANCE POLICY LIMITS. Developer shall obtain all insurance under this Section 12 written with a deductible of not more than ONE HUNDRED THOUSAND DOLLARS (\$100,000) or an amount approved by Agency, and for limits of liability which shall not be less than the following:

12.2. WORKER'S COMPENSATION. Developer shall obtain and maintain worker's compensation coverage shall be written for the statutory limits as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's liability of not less than \$1,000,000, or statutory limits, whichever are greater.

12.3. COMMERCIAL GENERAL LIABILITY. Developer shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better. Such insurance shall have limits of liability, which are not less than \$1,000,000, per occurrence limit; \$2,000,000 general aggregate limit, and \$2,000,000 products and completed operations aggregate limit, all per location of the Project.

12.4. COMPREHENSIVE AUTOMOBILE LIABILITY. Developer shall obtain and maintain comprehensive automobile liability coverage for any vehicle used for, or in connection with, the Project (owned, nonowned, hired, leased) having a combined single limit of not less than \$1,000,000.

12.5. PROPERTY INSURANCE. For the duration of the Regulatory Agreements, Developer shall obtain and maintain property insurance in ISO policy form CP 10 30 - Building and Personal Property Coverage - Causes of Loss - Special Form, to the full insurable value of the Property with no coinsurance penalty (and with endorsements of Builder's Risk until completion of construction of the Project), Boiler and Machine to the extent necessary to obtain full insurance coverage, and with such other endorsements and in such amounts as the Agency may reasonably require to protect the Project and the Property. In the event of damage to the Project and subject to the requirements of Lender, Developer shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

12.6. INSURANCE PROVISIONS. Each policy of insurance required under this DDA 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 Agency's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Agency's legal counsel in writing in advance:

12.6.1. ADDITIONAL INSURED. Developer shall obtain a policy in ISO form CG 20 33 or better, naming Agency as additional insured under the Commercial General Liability Policy.

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

12.6.3. CERTIFIED POLICY COPY. Developer shall provide Agency with a certified copy of each required policy of insurance. Pending delivery of the certified policy, Developer shall provide Agency with a Certificate of Insurance for each policy on the applicable ACORD form. The ACORD form shall not substitute for the policy. ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance deleting the sentence in the top right-hand block immediately below the title (commencing "This certificate is issued as a matter of information . . .) and in the bottom right-hand box above the authorized representative signature, deleting the words "endeavor to" and "but failure to do so shall impose not obligation or liability of any kind upon the insurer, its agents or representatives."

12.6.4. CANCELLATION. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

12.6.5. FAILURE TO MAINTAIN. If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, the Agency shall have the right,

but not the obligation, to purchase the insurance on Developer's behalf, and Developer shall promptly reimburse the full cost of such insurance to the Agency. If Developer fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 12 shall be a default under this DDA (see Section 13.3, below).

12.6.6. BLANKET COVERAGE. Developer's obligation to carry insurance as required under this Section 12 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 the Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded the Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 12 with respect to such insurance shall otherwise be satisfied by such blanket policy.

13. DEFAULTS AND REMEDIES. Except as otherwise provided in the DDA, if either party defaults in its obligations under this DDA, the defaulting party shall immediately commence and diligently proceed to cure the default within thirty (30) days after written notice of default from the other party or, if reasonable, such longer time as is reasonably necessary to remedy such default if such default cannot reasonably be cured within thirty (30) days for reasons beyond the control of the defaulting party, provided that the defaulting party shall promptly begin and diligently pursue such cure to completion. If the defaulting party does not promptly begin and diligently cure the default within a reasonable time, the other party may institute proceedings to cure the default, including without limitation, proceedings to compel specific performance by the defaulting party. Subject to any extension of time permitted by this DDA, a failure or delay by a party to perform any term or provision of this DDA constitutes a default of this DDA. As a condition precedent to termination of the DDA under this Section, each party shall first tender the return of all property or funds received from or on behalf of the other party, other than funds properly retained as liquidated damages. After such return of property and funds and termination of the DDA, neither Agency nor Developer shall have any further rights against or liability to the other under the DDA except as expressly set forth in this DDA to the contrary.

13.1. REVESTING TITLE IN AGENCY. Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of the Agency, after conveyance of any phase of the Project to Developer and prior to issuance of Certificate of Completion, if Developer defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of the Property, then the Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or portion thereof, in the specific phase in which the default has occurred, or and to terminate and revert in the Agency the estate in that phase so conveyed. It is the intent of this DDA that the conveyance of the Property in each phase to Developer shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section, failure on the part of Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in the DDA, the Agency at its option may declare a termination in favor of

the Agency of the title, and of all the rights and interest in the phase of the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to the Agency. Such condition subsequent and any such reversion of title in the Agency shall always be subject to and limited by the lien or security interest authorized by the DDA, and any rights or interests provided in the DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the phase of the Project in which the homes have been completed in accordance with the DDA and for which a Certificate of Completion issued as provided in the DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

13.1.1. RESALE OF REACQUIRED PROPERTY. Upon the reversion of title of the Property in the Agency, Agency shall use its best efforts to resell the Property, as soon and in such manner as the Agency shall find feasible and consistent with the objectives of the Agency, Housing Authority Law and former Redevelopment Plan and the Community Redevelopment Law, to a qualified and responsible party, as determined by the Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to the Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

13.1.2. AGENCY REIMBURSEMENT. Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Property (but less any net income derived by Agency from the Property after such reversion); all taxes, assessments, and water and sewer charges with respect to the Property (or, in the event the Property is exempt from such taxation or assessment during Agency's ownership, an amount equal to such taxes, assessment, or charges (as determined by local assessing authorities) as would have been payable if the Property were not so exempt); any payments necessary to discharge any encumbrances or liens existing on the Property at the time of such reversion or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing the Agency by the Developer.

13.1.3. DEVELOPER REIMBURSEMENT. After payment to Agency of the sum specified herein, said proceeds shall be paid to Developer to reimburse Developer in an amount not to exceed: (1) the sum of the purchase price paid by Developer for the Property and the cash actually expended by it in actual construction of any of the Project (including without limitation fees and expenses paid to any governmental agency on account of the Project, mitigation or development fees, the costs and expenses of all third-party architects, engineers, or similar design professionals, hard and soft costs of construction expended in construction of the Project, and Lender's interest, loan fees and other fees and charges on account of the Loan); less (2) any gains or income withdrawn or made by it from the DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

13.1.4. **BALANCE TO AGENCY.** Any balance remaining after such reimbursements shall be retained by the Agency as its property.

13.2. **LIQUIDATED DAMAGES.** IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF DEVELOPER, AGENCY SHALL BE RELEASED FROM AGENCY'S OBLIGATION TO SELL THE PROPERTY TO DEVELOPER, AND AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW. IF THE PROPERTY HAS BEEN CONVEYED TO DEVELOPER, DEVELOPER HAS COMMITTED A DEFAULT SUFFICIENT FOR REVESTMENT OF THE PROPERTY UNDER SECTION 13.1, AND DEVELOPER HAS NOT VOLUNTARILY RECONVEYED THE PROPERTY TO AGENCY, AGENCY MAY REVEST THE PROPERTY OR TAKE ANY AVAILABLE ACTION TO RECONVEY THE PROPERTY TO THE AGENCY. IN SUCH EVENT, AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW OR EQUITY; PROVIDED, HOWEVER, THAT, BY INITIALING THIS SECTION, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT THAT DEVELOPER FAILS TO PURCHASE THE PROPERTY: (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES RELATED TO THE FAILURE TO PURCHASE THE PROPERTY; COSTS TO OBTAIN RECONVEYANCE OF THE PROPERTY TO AGENCY; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO AGENCY ON ACCOUNT OF THE FAILURE TO PURCHASE THE PROPERTY AND FOR AGENCY COSTS TO OBTAIN RECONVEYANCE OF THE PROPERTY (WITHOUT LIMITING AGENCY'S RIGHTS TO RECOVERY, DAMAGES OR SEEK ANY OTHER REMEDY FOR ANY OTHER DEFAULT UNDER THIS DDA OR ITS CONSTITUENT DOCUMENTS); (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO AGENCY SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF AGENCY FOR THE FAILURE OF DEVELOPER TO PURCHASE THE PROPERTY; (D) AGENCY MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO AGENCY 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 AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

Developer's Initials

Agency's Initials

13.3. **OTHER RIGHTS AND REMEDIES.** Upon the occurrence of any default not subject to the preceding liquidated damages provision, and the expiration of any applicable notice and cure period without a cure having occurred within the specified cure period, the non-defaulting party shall have the right to institute such actions as it may deem desirable to remedy a default of this DDA as allowed under this DDA, at law or in equity.

13.4. **NONLIABILITY OF AGENCY OFFICIALS AND EMPLOYEES.** No member, official or employee of Agency shall be personally liable under this DDA to Developer, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this DDA.

13.5. **FEES AND COSTS ARISING FROM DISPUTE.** If an action is commenced between the parties, the Prevailing Party in that action shall be entitled to recover from the nonprevailing party all reasonable attorney fees and costs, witness fees, arbitrator's fees, and court and

arbitration costs. "Prevailing Party" shall include without limitation a party who dismisses an action in exchange for sums allegedly due; the party who receives performance from the other party for an alleged breach of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

14. **ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS.** Before issuance of a Certificate of Completion, if Developer has obtained Agency's prior written approval, which approval Agency may withhold in exercise of its reasonable discretion and in consideration of the commercially reasonable protection of its interests under this DDA, the Developer may obtain a Loan and encumber the Property as security for the Loan, which security shall have priority over any security interests Agency may have in the Property or any part thereof, without affect to this DDA and the Regulatory Agreement, provided either that the proceeds of the Loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms or that the Loan is permanent project financing made upon usual and customary and commercially reasonable terms. Each lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, the Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a Loan, Developer shall provide the Agency with a conformed copy of all documents related to the Loan. Agency acknowledges that a Lender will rely upon this DDA in making the Loan and that Agency's obligations under this DDA are inducements to Lender's making of the Loan.

14.1. **NOTICES.** If the Agency gives any notice of default to Developer under this DDA, the Agency shall contemporaneously give a copy of such notice to each Lender who has requested such notice in the following form of request for notice at the address stated in such request for notice. Any such default notice that is not so delivered to Lender shall not be effective or binding with regard to Lender or otherwise affect Lender, but failure to deliver such default notice to Lender shall not affect its validity with respect to Developer. Lender shall use the following form for requesting notice:

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated _____, 2017 between the Housing Authority of the City of Sacramento and **Del Paso Homes, Inc.** ("DDA"). Lender requests, in accordance with the DDA, that if any default notice shall be given to Developer under the DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

14.2. **ASSIGNMENTS AND TRANSFERS OF THE LOAN.** Agency shall not be bound to recognize any assignment of Lender's Loan or related encumbrance of the Property unless and until Lender has given Agency written notice of the name and address of the assignee (and if more than one person is an assignee, the designated name and address for notices) and such assignee qualifies as a Lender under this DDA. Thereafter, such assignee shall be considered a Lender with respect to the Loan and the related encumbrance on the Property.

14.3. LENDER NOT OBLIGATED TO CONSTRUCT. Notwithstanding any of the provisions of the DDA, Lender shall not be obligated by the provisions of the DDA to construct or complete the Project. Nothing in this Section or any other provision of the DDA shall be construed to permit or authorize Lender to devote the Property to any uses, or to construct any improvements on the Property, other than those uses or improvements provided or permitted in the DDA.

14.4. LENDER'S OPTION TO CURE DEFAULTS. After any default of Developer's obligations under the DDA, each Lender shall have the right, at its option, to cure or remedy such default, within the time for cure allowed to Developer, and to add the cost of such cure to the debt and the lien secured by the Property. The Agency shall accept such performance as if it had been performed by Developer; provided, however, that such Lender shall not be subrogated to the rights of the Agency by undertaking such performance. If the breach or default relates to construction of the Project, however, Lender shall not undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect Project or construction already made) unless Lender assumes, in writing satisfactory to the Agency, Developer's obligations to complete the Project on the Property in the manner provided in the DDA. Any Lender who properly completes the Project as provided in the DDA shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency in a manner provided in the DDA. Such certification shall mean that any remedies or rights with respect to the Property that the Agency may have because of Developer's failure to cure any default with respect to the construction of the Project on other parts of the Property, or because of any other default of the DDA by the Developer shall not apply to the part of the Property to which such Certification relates. Nothing in this Section shall be deemed to limit, modify or release any claim or remedy that the Agency may have against the Developer for such default.

14.5. DEFAULT BY DEVELOPER. In the event of a default by Developer, Agency shall not terminate this DDA unless and until the Agency has given notice to Lender of such default, and Lender has failed to cure such default.

14.5.1. If such default cannot practicably be cured by the Lender without taking possession of the Property, then the Schedule of Performances (and, therefore, the Agency's right to terminate this DDA) shall be tolled if and so long as, all of the following are true: (a) Lender has delivered to the Agency, prior to the date on which Agency is entitled to give notice of termination of this DDA, a written instrument satisfactory to Agency in which Lender or its designee unconditionally agrees that it will commence the cure of such default immediately upon Lender or its designee taking possession of the Property and will thereafter diligently pursue such cure to completion; provided, however, that neither the Lender nor its designee shall be obligated to pay damages to the Agency on account of such default, except to the extent of any monies due and unpaid from Developer; (b) Lender or its designee has rights to obtain possession of the Property (including possession by receiver) through foreclosure, deed in lieu of foreclosure or otherwise, and Lender or its designee promptly commences and diligently proceeds to obtain possession of the Property; (c) if Lender is prevented by court action or by any statutory stay from prosecuting foreclosure proceedings, that Lender is diligently seeking relief from such action or stay; and (d) upon receiving possession of the Property, Lender or its designee promptly commences and diligently proceeds to cure such default in accordance with this DDA.

14.5.2. From and after the cure of such Developer default, Lender or its designee is not required to obtain possession or to continue in possession of the Property. Nothing in this Section shall preclude the Agency from exercising any of its rights or remedies with respect to Developer during any period of such forbearance.

14.6. FORECLOSURE. Foreclosure of any encumbrance securing the loan of Lender, or any sale under such encumbrance, whether by judicial proceedings or by virtue of any power contained in such encumbrance, or any conveyance of the Property from the Developer to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, shall not require the consent of the Agency. Upon such foreclosure, sale or conveyance, the Agency shall recognize the resulting purchaser or other transferee as the Developer under this DDA, provided that such purchaser or transferee expressly assumes each and every obligation of the Developer under this DDA (except for the obligation to pay damages except to the extent of any monies due and unpaid from Developer under this DDA) by assumption agreement satisfactory to the Agency. If any Lender or its designee acquires Developer's right, title and interest under this DDA as a result of a judicial or nonjudicial foreclosure under any power contained in such encumbrance, or any conveyance of the Property from the Developer to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, such Lender or its designee shall have the right to assign or transfer Developer's right, title and interest under this DDA to an assignee; provided, however, that the assignee or transferee shall thereafter be subject to all of the terms and conditions of this DDA.

14.7. MODIFICATIONS. No modification or amendment to the DDA which materially and adversely affects the Lender's interest in the Property shall be valid and effective unless the Lender's written consent to such modification or amendment has first been obtained, which consent shall not be unreasonably withheld.

14.8. FURTHER ASSURANCES TO LENDERS. Agency and Developer shall in good faith consider making such reasonable modifications to this DDA and executing such further instruments and agreements between them as a Lender may reasonably request, provided such modifications, instruments and agreements do not materially, adversely affect any party's expectations or benefit, rights or obligations under this DDA and provided such modifications, instruments, and agreements serve a material economic purpose.

14.9. ESTOPPEL CERTIFICATE. Any party may, at any time, request in writing of any other party to certify in writing that, to the knowledge of the certifying party, (i) this DDA is in full force and effect and a binding obligation of the parties; (ii) this DDA has not been amended or modified, or, if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations under this DDA, or, if in default, describing the nature and extent of any such defaults. A party receiving such a request shall execute and return such certificate to the requesting party, or give a detailed written response explaining why it will not do so, within ten (10) days following its receipt. The Agency's designee shall be authorized to execute any such certificate requested by Developer from the Agency.

14.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER. In reliance on the financial capability and experience of Developer, substantial public financing and other public aids have been made available by law and by the federal and local governments to make development of the Property possible. Developer shall not, prior to issuance of a Certificate of Completion, assign Developer's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of Developer or the degree of their control of Developer without the prior written consent of Agency. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of Developer. Such a transfer as permitted in this Section shall not relieve Developer, or any other party bound in any way by the DDA, from any of its obligations under the DDA. With respect to this provision, the Developer and the parties signing the DDA on behalf of the Developer represent that they have the authority of all of Developer's principals to agree to and bind them to this provision.

15. CONCURRENT AGREEMENTS. The following agreements are to be executed and delivered to each party at Close of Escrow:

15.1. REGULATORY AGREEMENT-PROJECT. The Regulatory Agreement in the form of Exhibit 5. The Regulatory Agreements set out certain provisions of this DDA which shall survive the completion of the Improvements.

16. DOCUMENT INTERPRETATION. This DDA shall be interpreted in accordance with the following rules.

16.1. ENTIRE DDA; SEVERABILITY. This DDA integrates all of the terms and conditions related or incidental to its subject matter, and supersedes all negotiations or previous agreements between the parties with respect to its subject matter. If any term or provision of this DDA shall, to any extent, be held invalid or unenforceable, the remainder of this DDA shall not be affected; provided that the intent of the DDA may then be reasonably fulfilled.

16.2. WAIVERS AND AMENDMENTS. All waivers of the provisions of this DDA must be in writing and signed by Agency or Developer, as applicable, and all amendments to this DDA must be in writing and signed by Agency and Developer. Any delay by Agency in asserting any rights under this Section shall not operate as a waiver of such rights or to deprive Agency of or limit such rights in any way. Any waiver in fact made by Agency with respect to any specific default by Developer under this Section shall not be considered as a waiver of the rights of Agency with respect to any other defaults by Developer under this Section or with respect to the particular default except to the extent specifically waived in writing.

16.3. CAPTIONS, GENDER AND NUMBER. The section headings, captions and arrangement of this DDA are for the convenience of the parties to this DDA. The section headings, captions and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and provisions of this DDA. The singular form shall include plural, and vice versa, and gender references shall be construed to include all genders.

16.4. DRAFTER. This DDA shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this DDA. All exhibits referred to in this DDA are attached to it and incorporated in it by this reference.

16.5. MERGER. All of the terms, provisions, representations, warranties, and covenants of the parties under this DDA shall survive the Close of Escrow and shall not be merged in the Grant Deed or other documents.

16.6. TIME FOR PERFORMANCE. In determining time for performance, it shall be construed that Agency and Developer shall each do the actions required of them, promptly and when specified in this DDA, and that each action specified in the Schedule of Performances shall be performed by the responsible party on or before the date scheduled for its completion.

16.7. GOVERNING LAW. This DDA shall be governed and construed in accordance with California law.

16.8. NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP. Nothing contained in this DDA or in any other document executed in connection with this DDA shall be construed as creating a joint venture or partnership between Agency and Developer. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as between Agency and Developer other than that of a governmental entity regulating the development of private property, and the owner of such private property.

16.9. NO THIRD PARTIES BENEFITED. This DDA 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 any property, benefits or funds at any time on deposit in the Construction Account or the Impound Account, if established.

16.10. INSPECTION OF BOOKS AND RECORDS. Agency has the right, at all reasonable times, to inspect the books and records of Developer regarding the Property as reasonably necessary to carry out its purposes under this DDA.

16.11. OWNERSHIP OF DATA. If this DDA is terminated, for any reason, prior to the completion of the Project, Developer shall deliver to Agency any and all data acquired for development of the Property. Agency shall have full ownership and rights to use such data.

16.12. NOTICES. All notices to be given under this DDA shall be in writing and sent to the following addresses by one or more of the following methods:

16.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the City of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Development Department.

b) Developer: Del Paso Homes, Inc., 4120 Douglas Boulevard #306-375 Granite Bay, CA 95746, Attention: John Griffin.

16.12.2. Notices may be delivered by one of the following methods:

a) 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;

b) 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;

c) 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

d) Telecopy or facsimile, 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 Developer or Agency may respectively designate by written notice to the other.

16.13. **SUCCESSORS.** This DDA shall inure to the benefit of and shall be binding upon the parties to this DDA and their respective successors, and assigns.

17. **DEFINITIONS.** The following definitions shall apply for the purposes of this DDA:

17.1. "Agency" is the Housing Authority of the City of Sacramento. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authority Law of the State of California. The principal office of the Agency is located at 801 12th Street, Sacramento, California 95814. Agency as used in this DDA includes the Housing Authority of the City of Sacramento and any assignee of or successor to its rights, powers and responsibilities. The Sacramento Housing and Redevelopment Agency is a joint powers agency which provides staffing for the operation of the Agency.

17.2. "Art in Public Places Program" is the commonly used name for the program implementing Agency's Aesthetic Improvement Policy. Aesthetic Improvement Policy is Agency's policy for the creation and display of artwork in public areas. The policy was adopted by Agency Resolution Number 2865, October 16, 1979. The policy as implemented is known as the Art in Public Places Program.

17.3. "Certificate of Completion" is the certificate issued by the Agency certifying Developer's completion of the Project and termination of the revestment provisions. Such Certificates will be issued

17.4. "City" is the City of Sacramento in the State of California.

17.5. "Close of Escrow" is the time for the close of the Escrow as provided in the Escrow Instructions.

17.6. "Contractor" is the contractor or contractors with whom Developer has contracted for the construction of the Project.

17.7. "Completion Date" is the date for completion of construction of the Project to the satisfaction of the Agency, which date shall be not sooner than the issuance of a certificate of occupancy for the entire Project. The Completion Date is stated in the Schedule of Performances.

17.8. "DDA" is this Disposition and Development Agreement including the attachments to this DDA consisting of the exhibits named in and attached to this DDA, the Preliminary Plans the Final Plans and any other item expressly incorporated in this DDA, all of which are incorporated in this DDA as if included in full as provisions in the body of this DDA. A default of any of the items incorporated in the DDA by reference is a default of this DDA.

17.9. "Developer" is Del Paso Homes, Inc., a California corporation. The principal office of the Developer is located at 4120 Douglas Boulevard #306-375 Granite Bay, CA 95746. The principals of Developer are John and Lisa Griffin.

17.10. "Escrow" is the escrow for the transfer of the Property and for all requirements related to the transfer. The Title Company is the holder of the Escrow.

17.11. "Escrow Instructions" are the escrow instructions for the close of the Escrow for this DDA.

17.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by the Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at Public Resources Code Section 21000) and the rules and regulations promulgated under such act. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by the Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

17.13. "Funding Agreement" is the document that states the terms of Agency Funding consisting of a "seller carry-back" loan for the vacant lots to be conveyed herein for the new construction of the homes contemplated by this DDA.

17.14. "Grant Deed" is the grant deed for the transfer of the Property to Developer under this DDA. The Grant Deed contains covenants that run with the land, easements and a reverter provision. The Grant Deed is attached as Exhibit 6.

17.15. "Hazardous Substances" as used in this DDA shall include, without limitation to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. '1321 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. '9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

17.16. "Lender" shall mean all holders of any lien or encumbrance as security for a loan on all or any part of the Property which loan is made in accordance with this DDA or otherwise approved by Agency in writing.

17.17. "Phase" shall mean lots will be transferred and homes will be constructed in phases. Construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least 75% of those homes have been sold subject to compliance with the requirements of Exhibits 2 and 3.

17.18. "Plans" are the Project designs and elevations, prepared by the Project architect Studio 81 (Kerrin West) and dated March 1, 2017 through June 8, 2017 a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

17.19. "Project" is the development of the Property as described in this DDA for the uses stated in this DDA. The Project includes all improvements rehabilitated and constructed on the Property in accordance with this DDA.

17.20. "Property" is the real property to be developed under this DDA by Developer, as more particularly described in the Property Description. The Property includes all improvements contained within the Property.

17.21. "Property Description" is the legal description of the various parcels of real property affected by this DDA. The Property Description is attached as **Exhibit 1: Property Description**.

17.22. "Purchase Price" is the purchase price for the Property as set out in Section 4.

17.23. “Redevelopment Plan” is the redevelopment plan for the Project Area (as it may be amended from time to time)

17.24. “Regulatory Agreement” is the agreement or agreements, which setting out the certain provisions of this DDA that shall survive the completion of the Project.

17.25. “Schedule of Performances” is the schedule that establishes the dates by which obligations of the parties under this DDA must be performed and on which conditions must be satisfied. The Schedule of Performances is attached as **Exhibit 2: Schedule of Performances**.

17.26. “Scope of Development” is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 3: Scope of Development**.

17.27. “Title Company” is Placer Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 2901 K Street, Suite 390, Sacramento, CA 95816.

17.28. “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, 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 the Agency, 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.

THE PARTIES HAVE EXECUTED THIS DDA in Sacramento, California, on the following dates, effective as of the date first written above.

DEVELOPER : DEL PASO HOMES, INC.
A CALIFORNIA CORPORATION

AGENCY: HOUSING AUTHORITY OF THE
CITY OF SACRAMENTO, A PUBLIC BODY,
CORPORATE AND POLITIC

By:

John Griffin, President

By:

La Shelle Dozier, Executive Director

Date:_____

Date:_____

Approved as to form:

Approved as to form:

Developer Counsel

Agency Counsel

EXHIBIT 1: Property Description

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Parcel One:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, and in Book 20080707, at Page 0692, Official Records County of Sacramento, California, more particularly described as follows:

A portion of Lots 22 and 23 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of Lot 24 as shown on said map; thence along the East line of said Lot 23 and Lot 24 North 01° 47' West 66.54 feet to the point of beginning; thence leaving said East line South 89° 02' West 105.00 feet; thence North 01° 46' 53" West 66.54 feet to the North line of said Lot 22; thence along said North line North 89° 02' 03" East 105.00 feet to the Northeast corner of said Lot 22; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 3, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-035

Parcel Two:

A portion of the land granted to the Housing Authority of the City of Sacramento recorded on July 7, 2008, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 23 and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Beginning at the Southeast corner of said Lot 24; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet; thence leaving said South line North 01° 46' 53" West 66.54 feet; thence North 89° 02' East 105.00 feet to the East line of said block; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 1, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-036

Parcel Three:

The East 48.50 feet of Lots 1 and 2, Block 9, as shown on the Plat of West Del Paso Heights, filed in Book 12 of Maps, Map No. 52, Records of said County.

APN: 250-0072-012

Parcel Four:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 22, 23, and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in book 12 of Maps, at page 52, Official Records County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of lot 24 as shown on said map; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet to the point of beginning; thence continuing along said South line South 89°01' 57" West 45.00 feet to the Southwest corner of Lot 24; thence along the West line of said Lots 22, 23, and 24, North 01° 46' 53" West 133.09 feet to the Northwest corner of said Lot 22; thence along the North line of said Lot 22 North 89° 02' 03" East 45.00 feet; thence leaving said North line South 01° 46' 53" East 133.09 feet to the point of beginning.

Being all of Parcel 2, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-0034

Parcel Five:

All that portion of Lots 9 and 10 in Block 9, as shown on the Official "Map of Oak Park and South Sacramento", recorded in the Office of the County Recorder on June 18, 1889, in Book 2 of Maps, Map No. 26, Records of said County, described as all that portion of said lots lying North of a line drawn parallel to, and 50 feet South of the Northerly line of said Lots 9 and 10, Records of said County.

APN: 010-0323-012

Parcel Six:

The South quarter of Lots 1 and 2, in Block 18, as shown on the "Plat of Oak Park and South Sacramento", filed in the office of the County Recorder of Sacramento County, on June 18, 1889, in Book 2 of Maps, Map No. 26, records of said County.

APN: 010-0324-001

Parcel Seven:

The North one-half of the South one-half of Lots 1 and 2, in Block 18, as shown on the "Plat of Oak Park and South Sacramento", filed in the office of the County Recorder of Sacramento County, on June 18, 1889, in Book 2 of Maps, Map No. 26, records of said County.

APN: 010-0324-002

Parcel Eight:

Lot 167, in Block "G" as shown on the Official "Corrected Amended Plat of Oak Grove Tract", recorded in the Office of the County Recorder of said Sacramento County, October 4, 1894, in Book 3 of Maps, Map No. 15, Records of said County.

APN: 013-0284-005

Parcel Nine:

Lot 42, in Block M, as shown on the "Plat of Gould Resubdivision No. 2" recorded in Book 19 of Maps, Map No. 5, Records of said County.

APN: 020-0212-010

Parcel Ten:

Lot 5208, as shown on the "Map of H.J. Goethe Company's Addition Q to Sacramento", recorded on December 29, 1905, in Book 6 of Maps, Map No. 38, Records of said County.

APN: 014-0231-047

Parcel Eleven:

The North one-half of the half acre Tract No. 84, of Subdivision B of South Sacramento according to the Official Plat thereof filed in the Office of the Recorder of Sacramento County, California, on March 28, 1890 in Book 2 of Maps, Map No. 29.

Excepting therefrom the South 80 feet of said North one-half of said half acre Tract No. 84.

APN: 014-0091-001

Parcel Twelve:

Lot 17, as shown on the "Map of H.J. Goethe Company's Addition F to Sacramento", recorded on March 15, 1904, in Book 5 of Maps, Map No. 36, Records of said County.

Excepting therefrom the North 76 feet of the East 38.58 feet of said Lot 17.

Also excepting therefrom the South 53.00 feet.

APN: 014-0141-050

EXHIBIT 2: Schedule of Performances**Preliminary Schedule**

	Task	Target Dates
1	Approval of Building Permits	November 2017
2	Construction Start of Phase 1 – Four (4) For-Sale Homes located at: 1) 3801 Altos Avenue, Sacramento, 95838 - APN 250-0073-035 2) 3805 Altos Avenue, Sacramento, 95838 - APN 250-0073-036 3) 3845 Altos Avenue, Sacramento, 95838 - APN 250-0072-012 4) 741 Grand Avenue, Sacramento, 95838 - APN 250-0073-0034	December 2017
3	Construction Completion of Phase 1 and Notification of Completion and Request for Sales Price Limits to Agency by Developer	May 2018
4	Sale of All Four (4) For-Sale Homes in Phase 1	June 2018
5	Construction Start of Phase 2 – Eight (8) For-Sale Homes located at: 1) 2536 37th Street, Sacramento, 95817 - APN 010-0323-012 2) 2627 36th Street, Sacramento, 95817 - APN 010-0324-002 3) 2629 36th Street, Sacramento, 95817 - APN 010-0324-001 4) 3240 8th Avenue, Sacramento, 95817 - APN 013-0284-005 5) 3536 20th Avenue, Sacramento, 95820 - APN 020-0212-010 6) 3550 40th Street, Sacramento, 95817 - APN 014-0231-047 7) 3700 2nd Avenue, Sacramento, 95817 - APN 014-0091-001 8) 3900 4th Avenue, Sacramento, 95817 - APN 014-0141-050	September 2018
6	Construction Completion of Phase 2 and Notification of Completion and Request for Sales Price Limits to Agency by Developer	February 2019
7	Sale of All Eight (8) For-Sale Homes in Phase 2	May 2019

- Mutually acceptable Schedules of Performances will be established prior to release of each subsequent phase.
- Target Dates represent the dates by which each task is anticipated to be completed and assumes prompt execution of loan documents and no unanticipated delays in the permit or construction processes. These dates may be extended at the discretion of the Agency upon mutual written agreement.
- Construction of all twelve (12) homes, comprised of four (4) homes in the Del Paso Heights neighborhood and eight (8) homes in the Oak Park neighborhood, must be completed within six years of the effective date of the Disposition and Development Agreement at which time the agreement will be terminated, unless the term is extended an additional year upon mutual written agreement between the Agency and Developer and prior to the termination date.

EXHIBIT 3: Scope of Development

Housing mix will consist of twelve (12) two, three and four bedroom homes ranging in size from approximately 952 square feet to 1,896 square feet. A minimum of three floor plans, three elevations and six color schemes will be provided. All homes are to include two-car garages, with the exception of the two-bedroom homes that include a single-car garage. All homes will have two bathrooms. All homes are to include features and amenities as provided in the proposal, and all representations and information supplied by the Developer for the Project.

All homes shall be sold at affordable prices to families earning no more than low-moderate income defined as 120% of the Sacramento Metropolitan Statistical Area Median Income (AMI), as determined annually by the Federal Department of Housing and Urban Development. For purposes of this agreement, an affordable housing price shall be deemed to be a price for which the monthly payments for principal, interest, taxes, insurance, and HOA (HOA, if applicable) and/or other property assessments do not exceed thirty-five percent (35%) of the income of a family earning not more than 110% of the AMI, as adjusted for family size appropriate to the size and number of bedrooms in the unit. Affordable Price will be based on the assumption that 1 person occupies each bedroom.

All homes will be regulated for 45-years. The lots will be subject to transfer and homes will be constructed in two phases. Construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least 75% of those homes have been sold.

There will be two phases to complete the construction of four (4) homes in the Del Paso Heights neighborhood and eight (8) homes in the Oak Park neighborhood. Each phase will include a mix of each housing type. The two phases are currently identified as follows:

Phase 1 - Four Lots (Del Paso Heights Neighborhood):

- 1) 3801 Altos Avenue, Sacramento, 95838 - APN 250-0073-035
- 2) 3805 Altos Avenue, Sacramento, 95838 - APN 250-0073-036
- 3) 3845 Altos Avenue, Sacramento, 95838 - APN 250-0072-012
- 4) 741 Grand Avenue, Sacramento, 95838 - APN 250-0073-0034

Phase 2 - Eight Lots (Oak Park Neighborhood):

- 1) 2536 37th Street, Sacramento, 95817 - APN 010-0323-012
- 2) 2627 36th Street, Sacramento, 95817 - APN 010-0324-002
- 3) 2629 36th Street, Sacramento, 95817 - APN 010-0324-001
- 4) 3240 8th Avenue, Sacramento, 95817 - APN 013-0284-005
- 5) 3536 20th Avenue, Sacramento, 95820 - APN 020-0212-010
- 6) 3550 40th Street, Sacramento, 95817 - APN 014-0231-047
- 7) 3700 2nd Avenue, Sacramento, 95817 - APN 014-0091-001
- 8) 3900 4th Avenue, Sacramento, 95817 - APN 014-0141-050

End of Scope of Development

EXHIBIT 4: Schedule of Fair Market Values

Parcel No.	Street No.	Street Name	City	Zip	APN	Value
1	3801	Altos Ave	Sacramento	95838	250-0073-035	\$40,000.00
2	3805	Altos Ave	Sacramento	95838	250-0073-036	\$40,000.00
3	3845	Altos Ave	Sacramento	95838	250-0072-012	\$36,000.00
4	741	Grand Ave	Sacramento	95838	250-0073-0034	\$40,000.00
5	2536	37th St	Sacramento	95817	010-0323-012	\$70,000.00
6	2627	36th St	Sacramento	95817	010-0324-002	\$69,000.00
7	2629	36th St	Sacramento	95817	010-0324-001	\$68,000.00
8	3240	8th Ave	Sacramento	95817	013-0284-005	\$50,000.00
9	3536	20th Ave	Sacramento	95820	020-0212-010	\$38,000.00
10	3550	40th St	Sacramento	95817	014-0231-047	\$50,000.00
11	3700	2nd Ave	Sacramento	95817	014-0091-001	\$75,000.00
12	3900	4th Ave	Sacramento	95817	014-0141-050	\$70,000.00
					TOTAL LOAN:	\$646,000.00

EXHIBIT 5: Regulatory Agreement Form

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
801 12th Street
Sacramento, CA 95814
Attention: Development Department

REGULATORY AGREEMENT FOR DEVELOPMENT OF HOMEOWNERSHIP PROPERTY INCLUDING COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND

INCLUDING CONDITIONS PRECEDENT TO RESALE

PROJECT NAME:	Del Paso Heights Neighborhood Phase 1 - Four (4) Lots
PROJECT ADDRESSES AND APNs:	3801 Altos Avenue, Sacramento, CA 95838 - APN 250-0073-035 3805 Altos Avenue, Sacramento, CA 95838 - APN 250-0073-036 3845 Altos Avenue, Sacramento, CA 95838 - APN 250-0072-012 741 Grand Avenue, Sacramento, CA 95838 - APN 250-0073-0034
EFFECTIVE DATE:	_____, 2017

NOTICE: THIS REGULATORY AGREEMENT IMPOSES COVENANTS, CONDITIONS AND RESTRICTION ON THE PROPERTY WHICH STAY WITH THE PROPERTY FOR MANY YEARS, INCLUDING RESTRICTIONS ON THE RESALE PRICE AND THE USE AND MAINTENANCE OF THE PROPERTY.

WARNING: A SALE IN VIOLATION OF THIS REGULATORY AGREEMENT IS VOID.

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS REGULATORY AGREEMENT AS OF THE EFFECTIVE DATE.

1. **GENERAL.** This Regulatory Agreement incorporates the Exhibits listed below, which are attached to this Regulatory Agreement.

2. **DEFINITIONS.** The capitalized terms in this Regulatory Agreement shall have the meanings assigned in the following Definitions Table and as defined in the body of the Regulatory agreement, which terms being defined are indicated by quotation marks.

TERM	DEFINITION	
"Effective Date"	This Regulatory Agreement shall be effective as of the following date: _____, 2017	
"Agency"	Housing Authority of the City of Sacramento	
	A public body corporate and politic	
"Owner" and "Developer"	Del Paso Homes, Inc.	
"Agency Address"	Agency's business address is as follows:	801 12 th Street, Sacramento, CA 95814
"Owner Address"	Owner's business address is as follows:	4120 Douglas Boulevard #306-375 Granite Bay, CA 95746

"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 .	
"Disposition and Development Agreement"	The Disposition and Development Agreement ("DDA") by and between Developer and Agency for the construction of twelve (12) single-family homes in the Del Paso Heights and Oak Park Neighborhood.	Developer executed a Promissory Note in the amount of \$156,000.00 for the land and is obligated by and agreed to perform pursuant to the DDA by and between the Agency and Developer dated _____, 2017.
"Funding Agreement"	The Funding Agreement between Agency and Owner, named and dated as follows:	Disposition and Development Agreement and the Acquisition Loan Agreement (Seller Carry-Back Loans).
"Agency Funding"	The Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property	
"Agency Funding Amount"	The total amount of the Agency Funding for this phase, as follows:	\$156,000.00 for four (4) lots which is \$40,000 x 3 lots and \$36,000 x 1 lot
"Funding Requirements"	The legal restrictions on the use of the funds that Agency has used to make the Agency Funding, as applicable to and restricting the Property. The Funding Requirements are set out in Exhibit 2 – Funding Requirements .	
"Project Development Funds"	The total of all funds expended to develop the Project (and for a mixed use project, for the residential portion of the Project only), including without limitation payments for land acquisition, costs of financing, costs of predevelopment, and, as applicable, the costs of development or rehabilitation.	\$714,808.00 for four (4) lots
"Unit Development Funds"	Project Development Funds expended for each unit as indicated in Section 3.b below. (Generally, for units which are substantially equivalent, the Unit Development Funds are equal to the Project Development Funds divided by the number of residential units in the Project. However, for Projects with significant variations in unit square footage, the number may be determined on a relative square footage basis)	
"Restricted Units"	The individual housing parcels within the Property that are to be subject, by this Regulatory Agreement to affordability restrictions that limit the price for which they may be sold and resold. The units shall be restricted for the period of years stated in the Funding Requirements.	
"Individual Regulatory Agreement"	The agreement containing conditions, covenants and restrictions running with the land and restricting the use and resale of the Restricted Units as provided in this Regulatory Agreement and the Individual Regulatory Agreement for Homeownership Property, as required, the form of which is attached as Exhibit 3 – Individual Regulatory Agreement .	
"Approved Use"	The only permitted use of the Property, which is as a residential property available for sale to the general public and containing not less than the following number of units:	Property to be used for construction of four (4) for-sale residential homes.

3. RESTRICTED UNITS: All four (4) parcels shall be restricted by this regulatory agreement. Agency and Developer agree that as homes are constructed and sold this regulatory agreement will be partially released as to each home sold. All of the four (4) newly constructed homes covered by this agreement will be sold to low-moderate income owner-occupants earning 120% or less of Sacramento Metropolitan Statistical Area median income and the Individual Regulatory Agreement with a term of forty-five (45) years shall be recorded against the property.

a. If the applicable Sacramento Metropolitan Statistical Area median income is adjusted by the federal Department of Housing and Urban Development prior to the sale of a Restricted Unit or if other factors considered in making the determination of the following prices (in accordance with Agency policy and practice) change prior to the sale of a Restricted Unit, then the income and pricing restrictions shall be adjusted to assure compliance with the Funding Requirements as of the date when the Restricted Unit is sold.

b. For purposes of this Regulatory Agreement, the sales price is the amount actually paid to Developer by the purchaser ("Buyer"), including all additions or reductions (for changes to the Restricted Unit or otherwise) made to the initial purchase price shown in the purchase and sale agreement between Developer and the Buyer.

4. **RESTRICTION ON SALES.** In order to assure that the proper number and types of units have been sold in accordance with this Regulatory Agreement, Developer is prohibited from selling any Restricted Unit within the Project unless and until (a) the Agency has reviewed and determined that the sale complies with the Funding Requirements, (b) that the sales price to be paid by the buyer on sale is an "Affordable Price" as required by the Funding Source and (c) that the Buyer has executed and the parties have recorded an Individual Regulatory Agreement with all terms applicable to such Restricted Unit. A purported sale to a third party in violation of this Regulatory Agreement is voidable by Agency at any time upon notice to Developer.

5. **NO RENTAL.** Developer shall not rent the Restricted Units without the prior written approval of the Agency. Agency may withhold such approval if the proposed rental would violate provisions of the Funding Restrictions.

6. **RECAPTURE.** If Developer rents a Restricted Unit without Agency authorization or sells a Restricted Unit at a price that exceeds the Affordable Price, Developer shall repay to Agency, as "Recapture", all of the Agency Funding allocable to the Restricted Unit, plus interest from the effective date of this Regulatory Agreement until paid, at then market rate for construction loans for projects similar to the Project, as reasonably determined by the Agency.

7. **TERMINATION OF COVENANTS.** If the Agency is paid the Recapture, the covenants, conditions and restrictions contained in this Regulatory Agreement shall terminate, except as to covenants which provide otherwise, including without limitation, the covenant against discrimination, all of which continue in effect. Agency has provided Agency Funding, subject to the terms of the Funding Agreement, in consideration of the property interests conveyed to Agency under this Regulatory Agreement. 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 the Agency Funding in accordance with the laws, rules and regulations to which Agency is subject. This Regulatory Agreement represents a portion of this entire transaction. Therefore, Agency has made the 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 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.

8. **PROHIBITION ON SALE WITHOUT APPROVAL; CONDITION PRECEDENT.** Owner is prohibited from selling the Property including the Restricted Unit unless and until (a) the Agency has reviewed and determined that the sales price complies with the Funding Requirements and (b) that the purchaser of the Property has acknowledged and accepted the Individual Regulatory Agreement. For purposes of determining such compliance, the sales price is amount actually paid to Owner by the purchaser, including all additions or reductions made to the initial purchase price shown in the purchase and sale agreement between Owner and the purchaser. Owner shall receive no consideration for additions or improvements made to the Property, except those improvements (such as the addition of bedrooms) that affect the affordability calculations of the Funding Requirements. Pursuant to Section 9.a below, the foregoing is a condition precedent to any resale of the Property.

9. **COVENANTS.** Owner makes the following covenants. Unless Owner has received the prior written consent of Agency otherwise, Owner shall fully comply with each and every covenant. Except as otherwise stated in this Regulatory Agreement, the following covenants shall have a term that is the same as the longest term specified in the Funding Requirements.

a. Owner shall comply with the foregoing covenant prohibiting resale without Agency approval. Such compliance is a condition precedent to any such resale. If Owner fails to comply with said covenant, such resale shall be null and void, and the purported purchaser and anyone claiming any interest in the Property on account of such resale, including without limitation trustors and beneficiaries under deeds of trusts or others claiming lien or mortgage interests in the Properties, shall have no interests in or rights regarding the Property.

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

c. Owner shall assure full compliance with the Funding Requirements.

d. Owner shall not transfer or encumber any of the Property or permit the conveyance, transfer, or encumbrance of the Property unless such assignee, transferee or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement, through the Individual Regulatory Agreement for Homeownership Property for transfers to be at an affordable price to income eligible buyers.

e. 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.

f. Owner shall maintain the Property and the 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, and waste materials. 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.

g. Owner shall not cause and shall not permit discrimination on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for himself, his 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.

h. Owner shall assure compliance with the federal Personal Responsibility and Work Opportunity Act (Public Law 104-193, commonly known as the Welfare Reform Act) prohibiting the Agency funding of federal, state or local benefits to persons who are not citizens or qualified aliens as defined in the such act.

10. 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 the 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, the Agency, the 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 the Owner, its successors and assigns and every successor in interest to all or any part of the Property.

11. TERM. The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, the terms stated in the Funding Requirements, have expired or otherwise been terminated. All four (4) regulated homes in this phase will be restricted for a term of forty-five (45) years.

12. RECORDKEEPING AND REPORTING. Upon written request of Agency, Owner shall promptly provide any additional information or documentation to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of the Agency, Owner shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions regarding the income, assets, liabilities, contracts, operations, and condition of the property and their compliance with the Funding Agreement and this Regulatory Agreement.

13. AUDIT AND INSPECTION. The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related items shall at all times be maintained in reasonable condition for audit and shall be subject to examination by the Agency or its agents. The books and accounts of the operations of the Property and 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.

14. 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 and its failure 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 the 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.

15. CHANGES WITHOUT CONSENT OF TENANTS, LESSEES, OR OTHERS. Only Agency and its successors and assigns, and Owner and its successors and assigns (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 Agreement. Such changes or termination shall not require 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 Site.

16. DEFAULT. Upon a breach of any of the provisions of this Regulatory Agreement by Owner, the Agency may give written notice of such breach to Owner by registered or certified mail. To the extent reasonable under the circumstance, in the event of any breach, the Agency and Owner shall reasonably endeavor to identify a remedy for such breach by conference and conciliation. If such violation is not corrected to the satisfaction of Agency within sixty (60) days after the date such notice is mailed or within such further time as the Agency may reasonably determine is necessary to correct the breach, and without further notice to Owner, the Agency may declare a default under the Agreement, effective on the date of such declaration of default, and upon such default the Agency may: (a) take any action then available under the Funding Agreement for a default under the Funding Agreement and (b) apply to any court for specific performance of this Regulatory Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement, for money damages or for such other relief as may be appropriate. The injury to the 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.

a. 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.

b. The remedies of the Agency under this Regulatory Agreement are cumulative. 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 the Agency of any one or more of its other remedies.

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

18. CONTRADICTORY AGREEMENTS. Owner warrants that he has not, and will not, execute any other agreement with provisions in contradiction or 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 stated and supersede any other requirements in conflict with this Regulatory Agreement.

19. 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, costs and other expenses, 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 party making such settlement offer.

20. **SEVERABILITY.** If any term or provision of this Regulatory Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Regulatory Agreement shall not be affected; provided that the intent of the Regulatory Agreement may then be reasonably fulfilled. In any event, the term or provisions shall be deemed to be invalid only as to the entity and circumstance for which it was held to be invalid.

21. **NO WAIVER.** No waiver by the 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.

22. **NOTICES.** Written notices and other written communications by and between the parties shall be addressed to the Owner at the Owner Address and to the Agency at the 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 on the following dates, effective as of the date first written above.

BORROWER:
DEL PASO HOMES, INC., A CALIFORNIA CORPORATION

AGENCY:
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,
A PUBLIC BODY, CORPORATE AND POLITIC

By: _____
John Griffin, President

By: _____
La Shelle Dozier, Executive Director

Date: _____

Date: _____

Approved as to form: _____
Developer Counsel

Approved as to form: _____
Agency Counsel

Exhibit 1
LEGAL DESCRIPTION

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Parcel One:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, and in Book 20080707, at Page 0692, Official Records County of Sacramento, California, more particularly described as follows:

A portion of Lots 22 and 23 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of Lot 24 as shown on said map; thence along the East line of said Lot 23 and Lot 24 North 01° 47' West 66.54 feet to the point of beginning; thence leaving said East line South 89° 02' West 105.00 feet; thence North 01° 46' 53" West 66.54 feet to the North line of said Lot 22; thence along said North line North 89° 02' 03" East 105.00 feet to the Northeast corner of said Lot 22; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 3, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-035

Parcel Two:

A portion of the land granted to the Housing Authority of the City of Sacramento recorded on July 7, 2008, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 23 and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Beginning at the Southeast corner of said Lot 24; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet; thence leaving said South line North 01° 46' 53" West 66.54 feet; thence North 89° 02' East 105.00 feet to the East line of said block; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 1, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-036

Parcel Three:

The East 48.50 feet of Lots 1 and 2, Block 9, as shown on the Plat of West Del Paso Heights, filed in Book 12 of Maps, Map No. 52, Records of said County.

APN: 250-0072-012

Parcel Four:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 22, 23, and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in book 12 of Maps, at page 52, Official Records County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of lot 24 as shown on said map; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet to the point of beginning; thence continuing along said South line South 89°01' 57" West 45.00 feet to the Southwest corner of Lot 24; thence along the West line of said Lots 22, 23, and 24, North 01° 46' 53" West 133.09 feet to the Northwest corner of said Lot 22; thence along the North line of said Lot 22 North 89° 02' 03" East 45.00 feet; thence leaving said North line South 01° 46' 53" East 133.09 feet to the point of beginning.

Being all of Parcel 2, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-0034

Exhibit 2
FUNDING REQUIREMENTS
CITY OF SACRAMENTO — HOMEOWNERSHIP PROJECT

These “Funding Requirements” are incorporated in the “Regulatory Agreement” to which they are attached. In turn, the Regulatory Agreement is incorporated in the “DDA” and “Funding Agreement” referenced in the Regulatory Agreement. Pursuant to the Funding Agreement, the Regulatory Agreement is recorded against the properties assisted with the “Agency Funding” provided under the Funding Agreement. [The capitalized terms used in these Funding Requirements shall have the meanings below in the body of these Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these Funding Requirements that are not defined below are defined in the Regulatory Agreement.]

1. RECITALS.

a. Agency acquired the Property from the former Redevelopment Agency of the City of Sacramento as a housing asset approved by the California Department of Finance. The dissolved redevelopment agency was organized and operated under the California Community Redevelopment Law (commencing at Health & Safety Code Section 33000).

b. Agency has provided the “Agency Funding” in the form of a seller carry-back loan made by the Agency in its sale of the Property at its fair market value from proceeds of the “Housing Fund” (as defined in Health & Safety Code Section 33334.3) for the “Project Area” named in the Regulatory Agreement and Funding Agreement. The Agency Funding is subject to the provisions of the redevelopment plan for the Project Area and the California Community Redevelopment Law.

c. Agency has approved the Agency Funding on condition that the “Property” named in the Funding Agreement is rehabilitated or developed as the “Project,” as residential property for sale to owner-occupants, and that certain Project housing units are regulated in accordance with Health & Safety Code Section 33487. Such regulation is accomplished by recordation of the Regulatory Agreement with these Tax Increment Funding Requirements as covenants running with the land, in accordance with Health & Safety Code Section 33334.3(e). The purpose of such regulation is to make the regulated units affordable to persons and households that qualify as low-moderate income, in accordance with Health & Safety Code Section 33334.2.

d. The development of the Project benefits and serves the Project Area, and the Project will provide housing for persons who work within the Project Area. The Project is located within the City of Sacramento (“City”).

2. AFFORDABILITY REQUIREMENTS. Affordability requirements are established by the Rules and Regulations for the Administration of the Low-Income Housing Fund of the City of Sacramento (adopted by Resolution 93-056 of the City Council of Sacramento, California, on February 9, 1993). Owner shall assure that all of the Restricted Units shall be sold at or below the following rates (“Affordable Price”):

a. Low-Moderate Income Units shall be sold for amounts that do not exceed housing expense payments of thirty-five percent (35%) of one-hundred ten percent (110%) of the 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 Restricted Unit. Affordable Price will be based on the assumption that 1 person occupies each bedroom.

b. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of Restricted Units by address as stated in the Regulatory Agreement.

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

3. **OCCUPANCY REQUIREMENTS.** Owner shall assure that all Restricted Units shall be occupied by households earning less than one-hundred twenty percent (120%) of Area Median Income (“Qualified Occupant”).

4. **UNIT QUALITY.** Owner shall assure that Restricted Units must be comparable in size and amenities to other units in the Project.

5. **TERM.** These covenants shall burden and regulate four (4) Restricted Units for a term of forty-five (45) years.

6. **PROHIBITION ON NON-QUALIFYING SALE; AGENCY ACCEPTANCE OF QUALIFYING SALE.** For the term of this Regulatory Agreement, Owner is prohibited from selling the Restricted Unit to a buyer who is not purchasing as an owner-occupant or who is not a Qualified Occupant and from selling the Restricted Unit at a price that more than an Affordable Price. *No sale of the Restricted Unit is valid unless and until the Agency has accepted the sale as conforming to this Section 6.* In any event, the resale restrictions shall continue in full force and effect for the term stated in Section 5.

Recording Requested by
and When Recorded Return to:
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
801 12th Street
Sacramento, CA 95814
Attention: Development Department

NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY
[California Health & Safety Code Section 33334.3(f)]

The following Notice of Affordability Restrictions ("Notice") has been prepared pursuant to Section 33334.3(f) of the California Health and Safety Code, which became effective January 1, 2008. This Notice shall be recorded concurrently with the Regulatory Agreement described below.

1. The property ("Property") that is the subject of this Notice is located in the County of Sacramento, State of California, and is further described in the legal description, attached as **Exhibit 1: Legal Description**, and incorporated into this Notice by this reference.
2. The "Regulatory Agreement" is the agreement, containing conditions, covenants and restrictions running with the land and restricting the affordability of the restricted unit(s) on the Property as described in the following Section 3. The Regulatory Agreement is between the following parties and dated as of the following Effective Date.

Agency	Housing Authority of the City of Sacramento, a public body corporate and politic
Owner	Del Paso Homes, Inc.
Effective Date	, 2017

3. The address(es) of the Property subject to the Notice, including the unit number(s) if applicable, and the assessor's parcel number(s) ("APN") of such

Property are set out in the following table. The affordability covenants applicable to each unit and the expiration date of each affordability covenant are stated in the table. Also, the respective unit is designated in the table as a unit to be sold or to be rented. The following affordability covenants are set forth in the Regulatory Agreement.

Property Address	APN	Unit # or Type	Affordability Level	Expiration Date	Sale or Rental
3801 Altos Avenue, Sacramento, 95838	250-0073-035	3-bedroom Single Family Detached (SFD) Home	Low-Moderate Income	45-years following the Effective Date	Sale
3805 Altos Avenue, Sacramento, 95838	250-0073-036	4-bedroom SFD Home			
3845 Altos Avenue, Sacramento, 95838	250-0072-012	2-bedroom SFD Home			
741 Grand Avenue, Sacramento, 95838	250-0073-0034	2-bedroom SFD Home			

4. Units listed for sale shall be sold for a price at or below the following “Affordable Price” to a household whose income does not exceed the maximum income in the respective affordability category:

a. Low-Moderate income restricted units shall be sold for amounts, the payments for which do not exceed thirty-five percent (35%) of one hundred and ten percent (110%) 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 Restricted Unit. Affordable Price will be based on the assumption that 1 person occupies each bedroom.

b. Low-income restricted units shall be sold for amounts, the payments for which do not exceed thirty percent (30%) of seventy percent (70%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

c. Very low-income restricted units shall be sold for amounts, the payments for which do not exceed thirty percent (30%) of fifty percent (50%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

d. If an owner sells the restricted unit for an amount in excess of that permitted or to a purchaser whose household income exceeds the allowable amounts, the

owner must pay the Agency an amount that is the same proportionate share of the net sales proceeds as the Recapture Percentage (shown in the Regulatory Agreement recorded against the subject property and representing the Agency contribution to financing the unit), as further reduced by a percentage that is one forty-fifth (1/45) for each full year that the Regulatory Agreement has been in place.

5. Units listed for rental shall be rented at or below the following rates to households whose incomes are at or below the respective income limits for the rental rate:

a. Low-Moderate income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of one hundred and ten percent (110%) the Median Income, as adjusted for family size appropriate to the size and number of bedrooms in the respective unit.

b. Low-income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of sixty percent (60%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the unit.

c. Very low-income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of fifty percent (50%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective unit.

6. This Notice is descriptive of the terms of the Regulatory Agreement and is not intended to, and does not, affect any rights or obligations of the parties under the Regulatory Agreement. For more detailed information regarding the implementation and interpretation of the described affordability covenants, refer to the Regulatory Agreement. This document shall not be used to interpret or modify the terms of the Regulatory Agreement or any other document affecting the Property.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Sacramento, California, this ____ day of _____ 2017.

Sacramento Housing and Redevelopment Agency

Vickie Smith, Agency Clerk

[ACKNOWLEDGMENTS]

OWNER:
DEL PASO HOMES, INC.

AGENCY:
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,
A PUBLIC BODY, CORPORATE AND POLITIC

By: _____
John Griffin, President

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Date: _____

Owner Counsel

Approved as to form:

Agency Counsel

Exhibit 1
LEGAL DESCRIPTION

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Parcel One:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, and in Book 20080707, at Page 0692, Official Records County of Sacramento, California, more particularly described as follows:

A portion of Lots 22 and 23 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of Lot 24 as shown on said map; thence along the East line of said Lot 23 and Lot 24 North 01° 47' West 66.54 feet to the point of beginning; thence leaving said East line South 89° 02' West 105.00 feet; thence North 01° 46' 53" West 66.54 feet to the North line of said Lot 22; thence along said North line North 89° 02' 03" East 105.00 feet to the Northeast corner of said Lot 22; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.
Being all of Parcel 3, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-035

Parcel Two:

A portion of the land granted to the Housing Authority of the City of Sacramento recorded on July 7, 2008, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 23 and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Beginning at the Southeast corner of said Lot 24; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet; thence leaving said South line North 01° 46' 53" West 66.54 feet; thence North 89° 02' East 105.00 feet to the East line of said block; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 1, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-036

Parcel Three:

The East 48.50 feet of Lots 1 and 2, Block 9, as shown on the Plat of West Del Paso Heights, filed in Book 12 of Maps, Map No. 52, Records of said County.

APN: 250-0072-012

Parcel Four:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 22, 23, and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in book 12 of Maps, at page 52, Official Records County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of lot 24 as shown on said map; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet to the point of beginning; thence continuing along said South line South 89°01' 57" West 45.00 feet to the Southwest corner of Lot 24; thence along the West line of said Lots 22, 23, and 24, North 01° 46' 53" West 133.09 feet to the Northwest corner of said Lot 22; thence along the North line of said Lot 22 North 89° 02' 03" East 45.00 feet; thence leaving said North line South 01° 46' 53" East 133.09 feet to the point of beginning.

Being all of Parcel 2, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-0034

Exhibit 3
INDIVIDUAL REGULATORY AGREEMENT FORM

NO FEE DOCUMENT:

Entitled to free recording

per Government Code 27383

When recorded, return to:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

801 12th Street

Sacramento, CA 95814

Attention: Development Department

**INDIVIDUAL REGULATORY AGREEMENT FOR HOMEOWNERSHIP PROPERTY
INCLUDING COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND**

PROJECT ADDRESS:	Street Address, Sacramento, California
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NOTICE: THIS INDIVIDUAL REGULATORY AGREEMENT IMPOSES COVENANTS, CONDITIONS AND RESTRICTION ON THE PROPERTY WHICH STAY WITH THE PROPERTY FOR MANY YEARS, INCLUDING RESTRICTIONS ON THE RESALE PRICE AND THE USE AND MAINTENANCE OF THE PROPERTY.

ARTICLE I TERMS AND DEFINITIONS.

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS INDIVIDUAL REGULATORY AGREEMENT AS OF THE EFFECTIVE DATE.

1. GENERAL. This Individual Regulatory Agreement, in addition to Exhibits listed below includes Article II General Provisions, which is attached to and incorporated in this Individual Regulatory Agreement by this reference.

2. DEFINITIONS. The capitalized terms in this Individual Regulatory Agreement shall have the meanings assigned in Article I General Terms and as defined in Article II General Provisions. (Terms being defined are indicated by quotation marks. References in the attached Article II General Provisions to the Regulatory Agreement are to this Individual Regulatory Agreement.)

TERM	DEFINITION
"Effective Date"	This Individual Regulatory Agreement shall be effective as of the following date (which is the date for recordation of the Developer Regulatory Agreement under which this is issued):
"Agency"	Housing Authority of the City of Sacramento A public body corporate and politic
"Owner"	
"Agency Address"	801-12th Street, Sacramento, California 95814
"Owner Address"	
"Jurisdiction"	City of Sacramento
"Property"	That certain real property which is subject to this Individual Regulatory Agreement as further described in the legal description, attached as Exhibit 1 – Legal Description and incorporated in this Individual Regulatory Agreement by this reference

“Disposition and Development Agreement”	The Disposition and Development Agreement (“DDA”) by and between Developer and Agency for the construction of twelve (12) single-family homes in the Del Paso Heights and Oak Park Neighborhoods		Developer executed a Promissory Note in the amount of \$156,000.00 for the land and is obligated by and agreed to perform pursuant to the DDA by and the Agency and Developer dated _____, 2017.
“Agency Funding”	(1) Land acquisition financing.		
“Funding Amount”	The amount of the Agency Funding, as follows:	\$ _____ .00 seller carry-back financing plus accrued interest to be repaid at time of home sale to the initial owner occupant homebuyer.	
“Funding Source”	The source of the funds that Agency has used to provide the financing, as follows:	Tax Increment for land acquisition	
“Funding Requirements”	The legal restrictions on the use of the funds used to make the loan, as applicable to and restricting the Property. The Funding Requirements are set out in <u>Exhibit 2 – Funding Requirements</u>		
	“Affordability Level”	Income Limit: 120% Area Median Income (AMI) or below. Affordable Price Limit: 35% of 110% Area Median Income (AMI) or below.	
“Individual Regulatory Agreement”	This agreement containing conditions, covenants and restrictions running with the land and restricting the use and resale of the Restricted Unit as provided in this Individual Regulatory Agreement.		
“Original Purchase Price”	Purchase price paid by the first Owner under this Regulatory Agreement to buy the Property from the developer of the Property.		Amount:
“Restricted Unit”	The Property.		
“Approved Use”	The only permitted use of the Property, which is as a single residential housing unit used solely for owner occupancy.		

3. SALE RESTRICTED. Owner is prohibited from selling the Property including the Restricted Unit unless and until (a) the Agency has reviewed and determined that the sales price complies with the Funding Requirements and (b) that the purchaser of the Property has acknowledged and accepted the Individual Regulatory Agreement. For purposes of determining such compliance, the sales price is the amount actually paid to Owner by the purchaser, including all additions or reductions made to the initial purchase price shown in the purchase and sale agreement between Owner and the purchaser. Owner shall receive no consideration for additions or improvements made to the Property, except those improvements (such as the addition of bedrooms) that affect the affordability calculations of the Funding Requirements.

4. UNIT ASSISTANCE. For all purposes of this Regulatory Agreement, the funding provided, if any, for this respective Restricted Housing Unit shall be as specified for “Unit Assistance”, above.

THE PARTIES HAVE EXECUTED THIS REGULATORY AGREEMENT in Sacramento, California on the following dates, effective as of the date first written above.

OWNER:

AGENCY:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,
A PUBLIC BODY, CORPORATE AND POLITIC

By: _____

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Date: _____

Owner Counsel

Approved as to form:

Agency Counsel

Regulatory Agreement - Article II General Provisions

1. REPRESENTATIONS. Agency has provided assistance to develop the Property, subject to the terms of the Disposition and Development Agreement. This Regulatory Agreement is a substantial part of the consideration to Agency for entering into that Agreement. The funds used by Agency to assemble and acquire the properties necessary for the development of twelve (12) vacant, scattered sites in the Del Paso Heights and Oak Park neighborhoods 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 proceeded with twelve (12) vacant, scattered sites in the Del Paso Heights and Oak Park neighborhoods in accordance with the laws, rules and regulations to which Agency is subject. Therefore, Agency has conveyed the property pursuant to the Disposition and Development Agreement 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 DDA. Owner 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.

2. 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. Except as otherwise stated in this Regulatory Agreement, the following covenants shall have a term that is the same as the longest term specified in the Funding Requirements.

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

b. Owner shall assure full compliance with the Funding Requirements.

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

d. 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 Del Paso Heights Design Guidelines and the Oak Park Design Standards and Guidelines.

e. Owner shall maintain the Property and the 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, and waste materials. 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.

f. Owner shall not cause and shall not permit discrimination on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale or in the use or occupancy of the Property. Owner covenants by and for himself, his 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 or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

3. 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 Regulatory 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, the Agency, the 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 the Owner, its successors and assigns and every successor in interest to all or any part of the Property.

a) SUPERSEDING EXISTING COVENANTS, CONDITIONS, & RESTRICTIONS. This Regulatory Agreement shall supersede any covenants, conditions and restrictions that have been previously recorded by, or on behalf of, the Agency against the Property.

4. TERM. The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, the terms stated in the Funding Requirements, have expired or otherwise been terminated.

5. TERMINATION IN EVENT OF FORECLOSURE OR INVOLUNTARY SALE. This Regulatory Agreement and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of: (a) a foreclosure by the senior lender of the lien of a deed of trust on the Property or delivery of a deed in lieu of foreclosure pursuant to which the senior lender, trustee or a purchaser or transferee shall take possession of the Property, or (b) foreclosure or delivery of a deed in lieu of foreclosure whereby a third party (other than the Owner or any related person of the Owner) shall take possession of the Property, or (c) involuntary non-compliance with the provisions of this Regulatory Agreement caused by fire, condemnation, involuntary seizure of the Property by a local, state or federal agency, requisition, or a similar event. The term "senior lender" shall mean a lender with a lien of a deed of trust on the Property that is senior to the Agency's Regulatory Agreement deed of trust by the order of recording or by the terms of a subordination agreement. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

6. 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 the Agency.

7. RECORDKEEPING AND REPORTING. Upon request of Agency, Owner shall promptly provide any additional information or documentation requested in writing by the Agency to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of the 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 the Deeds of Trust.

8. 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 the Agency or its agents. The books and accounts of the operations of the Property and 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.

9. 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 the 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.

10. CHANGES WITHOUT CONSENT OF TENANTS, LESSEES, OR OTHERS. Only Agency and its successors and assigns, and Owner and its successors and assigns (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 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 Site.

11. DEFAULT. Upon a breach of any of the provisions of this Regulatory Agreement by Owner, the 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 sixty (60) days after the date such notice is mailed or within such further time as the Agency may reasonably determine is necessary to correct the breach, and without further notice to Owner, the Agency may declare a default under this Regulatory Agreement, effective on the date of such declaration of default, and upon such default the Agency may: (a) take any action then available under the DDA for a default under the DDA and (b) apply to any court for specific performance of this Regulatory Agreement, for an injunction against any violation of this Regulatory Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement, for money damages or for such other relief as may be appropriate, since the injury to the 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.

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

13. CONTRADICTIONARY AGREEMENTS. Owner warrants that he 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.

14. 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, costs and other expenses, 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.

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

16. ELECTION OF REMEDIES. To the extent applicable, in the event of any breach of the covenants, conditions and restrictions contained in this Regulatory Agreement, the Agency shall reasonably endeavor to remedy such breach by conference and conciliation. If, in the opinion of Agency, the 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 the 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 the Agency under this Regulatory Agreement are cumulative, and the exercise of one or more of such remedies, shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

17. NO WAIVER. No waiver by the 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.

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

EXHIBIT 1: LEGAL DESCRIPTION

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Lot ___, in Block "___" as shown on the Official "_____", recorded in the Office of the County Recorder of said Sacramento County, _____, in Book ___ of Maps, Map No. ___, Records of said County.

APN: _____

EXHIBIT 2: FUNDING REQUIREMENTS

TAX INCREMENT FUNDING REQUIREMENTS FOR HOUSING ASSISTED WITH TI HOUSING FUNDS

These “TI Funding Requirements” are incorporated in the “Regulatory Agreement” to which they are attached. In turn, the Regulatory Agreement is incorporated in the Funding Agreement referenced in the Regulatory Agreement. Pursuant to the Funding Agreement, the Regulatory Agreement (with these TI Funding Requirements) is recorded against the properties assisted with the “Agency Funding” provided under the Funding Agreement. [The capitalized terms used in these TI Funding Requirements shall have the meanings stated below. Terms being defined are indicated by quotation marks. Capitalized terms that are not defined in these TI Funding Requirements are defined in the Regulatory Agreement.]

1. **RECITALS.** Agency acquired the project from the former Redevelopment Agency of the City of Sacramento through Housing Asset Transfer approved by the California Department of Finance. The former redevelopment agency was a redevelopment agency organized and operating under the California Community Redevelopment Law (commencing at Health & Safety Code Section 33000).

a. Agency has provided the “Agency Funding” from proceeds of the “Housing Fund” (as defined in Health & Safety Code Section 33334.3) for the “Project Area” named in the Regulatory Agreement and Funding Agreement. The Agency Funding is subject to the provisions of the redevelopment plan for the Project Area and the California Community Redevelopment Law.

b. Agency has approved the Agency Funding on condition that the “Property” named in the Funding Agreement is rehabilitated or developed as the “Project,” as residential property for sale to owner-occupants, and that certain Project housing units are regulated in accordance with Health & Safety Code Section 33487. Such regulation is accomplished by recordation of the Regulatory Agreement with these TI Funding Requirements as covenants running with the land, in accordance with Health & Safety Code Section 33334.3(e). The purpose of such regulation is to make the regulated units affordable to persons and households that qualify as low-income, in accordance with Health & Safety Code Section 33334.2.

c. The development of the Project benefits and serves the Project Area, and the Project will provide housing for persons who work within the Project Area.

2. **TERM.** These covenants shall burden and regulate the Restricted Unit for forty-five (45) years.

3. **AFFORDABILITY REQUIREMENTS.** In consideration of Agency’s use of the Agency Funding to fund a seller carry-back loan used for the purchase of the Restricted Unit by the Developer at its fair market value (“Owner’s Purchase Price”), the sale of the Restricted Unit is restricted for the term of the Regulatory Agreement.

a. **SALE.** If Owner elects to sell the Restricted Unit (“Resale”), Owner shall assure that the Restricted Units shall be sold for a price (“Resale Price”) or below the following “Affordable Price” to a household whose income does not exceed the maximum income:

Low-Moderate Income Restricted Units shall be sold for amounts, the payments for which do not exceed thirty-five percent (35%) of one-hundred ten percent (110%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit. Affordable Price will be based on the assumption that 1 person occupies each bedroom.

Recording Requested by
and When Recorded Return to:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
801 12th Street
Sacramento, CA 95814
Attention: Development Department

NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY
[California Health & Safety Code Section 33334.3(f)]

The following Notice of Affordability Restrictions ("Notice") has been prepared pursuant to Section 33334.3(f) of the California Health and Safety Code, which became effective January 1, 2008. This Notice shall be recorded concurrently with the Regulatory Agreement described below.

7. The property ("Property") that is the subject of this Notice is located in the County of Sacramento, State of California, and is further described in the legal description, attached as **Exhibit 1: Legal Description**, and incorporated into this Notice by this reference.

8. The "Regulatory Agreement" is the agreement, containing conditions, covenants and restrictions running with the land and restricting the affordability of the restricted unit(s) on the Property as described in the following Section 3. The Regulatory Agreement is between the following parties and dated as of the following Effective Date.

Agency	Housing Authority of the City of Sacramento, a public body corporate and politic
Owner	
Effective Date	, 2017

9. The address(es) of the Property subject to the Notice, including the unit number(s) if applicable, and the assessor's parcel number(s) ("APN") of such Property are set out in the following table. The affordability covenants applicable to each unit and the expiration date of each affordability covenant are stated in the table. Also, the respective unit is designated in the table as a unit to be sold or to be rented. The following affordability covenants are set forth in the Regulatory Agreement.

Property Address	APN	Unit # or Type	Affordability Level	Expiration Date	Sale or Rental
		__-Bedroom Single Family Detached Home	Low-Moderate Income		Sale

10. Units listed for sale shall be sold for a price at or below the following "Affordable Price" to a household whose income does not exceed the maximum income in the respective affordability category:

a. Low-Moderate income restricted units shall be sold for amounts, the payments for which do not exceed thirty-five percent (35%) of one hundred and ten percent (110%) 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 Restricted Unit. Affordable Price will be based on the assumption that 1 person occupies each bedroom.

b. Low-income restricted units shall be sold for amounts, the payments for which do not exceed thirty percent (30%) of seventy percent (70%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

c. Very low-income restricted units shall be sold for amounts, the payments for which do not exceed thirty percent (30%) of fifty percent (50%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective Restricted Unit.

d. If an owner sells the restricted unit for an amount in excess of that permitted or to a purchaser whose household income exceeds the allowable amounts, the owner must pay the Agency an amount that is the same proportionate share of the

net sales proceeds as the Recapture Percentage (shown in the Regulatory Agreement recorded against the subject property and representing the Agency contribution to financing the unit), as further reduced by a percentage that is one forty-fifth (1/45) for each full year that the Regulatory Agreement has been in place.

11. Units listed for rental shall be rented at or below the following rates to households whose incomes are at or below the respective income limits for the rental rate:

a. Low-Moderate income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of one hundred and ten percent (110%) the Median Income, as adjusted for family size appropriate to the size and number of bedrooms in the respective unit.

b. Low-income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of sixty percent (60%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the unit.

c. Very low-income restricted units shall be rented for amounts that do not exceed payments of thirty percent (30%) of fifty percent (50%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective unit.

12. This Notice is descriptive of the terms of the Regulatory Agreement and is not intended to, and does not, affect any rights or obligations of the parties under the Regulatory Agreement. For more detailed information regarding the implementation and interpretation of the described affordability covenants, refer to the Regulatory Agreement. This document shall not be used to interpret or modify the terms of the Regulatory Agreement or any other document affecting the Property.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Sacramento, California, this ____ day of _____ 2017.

Sacramento Housing and Redevelopment Agency

Vickie Smith, Agency Clerk

[ACKNOWLEDGMENTS]

OWNER:

AGENCY:

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,
A PUBLIC BODY, CORPORATE AND POLITIC

By: _____

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Date: _____

Owner Counsel

Approved as to form:

Agency Counsel

EXHIBIT 1: LEGAL DESCRIPTION

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Lot ___, in Block "___" as shown on the Official "_____", recorded in the Office of the County Recorder of said Sacramento County, _____, in Book ___ of Maps, Map No. ___, Records of said County.

APN: _____

EXHIBIT 6: Grant Deed

NO FEE DOCUMENT:

Entitled to free recording
per Government Code §§6103 and 27383.
Recording Requested by the
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
801 12th Street
Sacramento, CA 95814
Attention: Development Department

Mail Tax Statements to:
Del Paso Homes, Inc.
4120 Douglas Boulevard
Granite Bay, CA 95746

GRANT DEED

(WITH REVESTMENT PROVISIONS, COVENANTS, RESTRICTIONS AND RESERVATIONS)

For valuable consideration, receipt of which is hereby acknowledged,

The Housing Authority of the City of Sacramento, a public body, corporate and politic, successor to the Redevelopment Agency of the City of Sacramento (the "Grantor"), creating affordable housing and acting to carry out the Redevelopment Plan, (the "Redevelopment Plan"), for the former Redevelopment Project known as the Del Paso Heights Project Area and the Oak Park Project Area, the ("Project"), under the Community Redevelopment Law of California, hereby grants to Del Paso Homes, Inc., (the "Grantee"), the real property, (the "Property"), described in Exhibit 1- Legal Description which is attached to, and incorporated in this Deed by this reference, subject to the covenants, restrictions and reservations set forth below which covenants, restrictions and reservations shall inure to the benefit of, and bind, each and every successor, assign or successor in interest of the parties, including any heirs, executors, administrators, transferees or any other person or entity claiming through the parties.

The Property is conveyed in accordance with, and subject to, (i) the former Del Paso Heights and Oak Park Redevelopment Plans which was adopted by the City Council of the City and duly recorded in the Office of the County Recorder of Sacramento County, California; and (ii) the Disposition and Development Agreement (the "Disposition and Development Agreement") entered into by and between Grantor and Grantee on _____, 2017.

The Grantee covenants and agrees that the Property shall be devoted only to the uses specified in the applicable provisions of the former Redevelopment Plans for the Project (including all Redevelopment Plan amendments, except amendments from which Grantee may be exempt by the doctrine of vested rights), this Deed and any and all instruments recorded pursuant to the Disposition and Development Agreement, including such Agreement, duly recorded by Grantor and affecting the Property. The Property is conveyed to Grantee at a purchase price (the "Purchase Price") determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees that the Grantee, such successors and such assigns shall develop, use, and maintain the Property as follows: new construction of single family homes, all four (4) of which are to be sold to households with incomes not exceeding one-hundred twentypercent (120%) of the Area Median Income (AMI).

1. Grantee acknowledges and agrees that the Property shall be subject to the Regulatory Agreement between Grantor and Grantee, recorded on the Property promptly following recordation of this Grant Deed.

1.1. As provided in the Disposition and Development Agreement, Grantee shall promptly commence and complete development of the Property in accordance with plans and specifications approved by Grantor. Construction of improvements and development of the Property (the "Improvements") required by the Disposition and Development Agreement shall commence and be prosecuted diligently to completion at the time specified in, and subject to the terms of, the Disposition and Development Agreement.

1.2. Grantee shall maintain the Improvements and any other improvements on the Property in good condition and order, shall keep the Property free from accumulation of debris and waste materials and shall permit no action or inaction on the Property such that the Property detracts from the surrounding neighborhood in any substantial manner.

1.3. All obligations imposed upon Grantee herein shall bind any and all successors of Grantee; provided, however, that upon sale or conveyance of the Project, the party selling or conveying shall be relieved of any such obligation to the extent that such obligation arises after the date of sale or conveyance.

2. Grantee covenants and agrees that prior to recordation of any Certificate of Completion for the Property:

2.1. The Grantor shall have the additional right, at its option, to re-enter and take possession of the Property and all improvements on the Property and to terminate and revest the Property in the Grantor if the Grantee or its successors in interest shall, in accordance with and subject to the terms of the Disposition and Development Agreement:

2.1.1. Fail to commence or complete the construction of the Improvements when required by the Disposition and Development Agreement and after sixty days written notice from the Grantor of Grantee's failure to timely commence or complete construction, provided that the Grantee shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.2. Abandon or substantially suspend construction of the Improvements for more than sixty days after written notice from the Grantor to continue such construction, provided that Grantor shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.3. Transfer, or suffer any involuntary transfer, of all or any part of, or interest in, the Property, in violation of the Disposition and Development Agreement or this Grant Deed.

2.2. The right to re-enter, repossess, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

2.2.1. Any mortgage or deed of trust permitted by the Disposition and Development Agreement or this Deed and duly approved by the Grantor; or

2.2.2. Any rights or interests provided for the protection of the holders of such mortgages or deed of trust.

2.3. The right to re-enter, repossess, terminate and revest with respect to the Property shall terminate when the Certificate of Completion has been recorded by the Grantor.

2.4. In the event title to all or any part of the Property is revested in the Grantor as provided in this Section 2, the Grantor shall, pursuant to its responsibilities under California Law, use its best efforts to resell the Property or part as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied as follows:

2.4.1. First, the Grantor shall be reimbursed, on its own behalf or on behalf of the City of Sacramento, California for all costs and expenses incurred by the Grantor, including but not limited to salaries of personnel incurred in connection with the recapture, management and resale of the Property or part (but less any income derived by the Grantor from the Property in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part (or, in the event the Property is exempt from taxation, assessment or such charges during the period of Grantor's ownership thereof, an amount equal to such taxes, assessments or charges as determined by the assessing official as would have been payable if the Property were not exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part at the time of reversion of title in the Grantor or to discharge or prevent such encumbrances or liens from attaching or being made by any subsequent successors or transferees; any expenditures made or obligations incurred with respect to the completion of the Improvements; and any amounts otherwise owed to the Grantor by the Grantee and its successors or transferee; and

2.4.2. Second, to the extent possible, the Grantee shall be reimbursed in an amount not to exceed the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time of the reentry and repossession, (3) less any gains or income withdrawn or made by the Grantee from the Property or the Improvements; and

2.4.3. Third, any balance remaining after such reimbursements shall be retained by the Grantor.

2.4.4. To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right of reverter shall, however, be interpreted in light of the fact that the Grantor is by this deed conveying the Property to the Grantee for development and not for speculation in undeveloped land and that such development is a material element of the consideration received by Grantor for the Property.

3. The Grantee covenants and agrees that:

3.1. There shall be no discrimination against or segregation of any person on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for itself, 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. The foregoing covenants shall run with the land.

All advertising (including signs) for sale and/or rental of the whole or any part of the Property shall include the legend "Equal Opportunity Houser" in type or lettering of easily legible size and design. The word "Project" or "Development" may be substituted for the word "Houser" where circumstances require such substitution.

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. All covenants contained in this Deed shall be covenants running with the land and equitable servitudes thereon. The covenants contained in Section 2 of this Deed shall terminate upon issuance of a Certificate of Completion for the Property. Every covenant contained in this Deed not previously terminated shall terminate thirty (30) years from the date of recordation in the official records of Sacramento County, except that the covenants against discrimination contained in Section 3 of this Grant Deed shall remain in perpetuity.

6. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, its successors and assigns, the City of Sacramento, California, any successor in interest to the Property, the

owner of any other land (or of any interest in such land) in Project which is subject to the land use requirements and restrictions of the Redevelopment Plans, and the covenants against discrimination contained in Section 3 shall be binding for the benefit of the Grantor, the City of Sacramento and the United States of America and such covenants shall run in favor of the Grantor, the City of Sacramento and the United States of America, for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor and the City of Sacramento, is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenant, and the City of Sacramento (and the United States of America, in the event of any such breach of the covenants in Section 3), shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach against Grantee, its successors to and assigns of the Property or any part or interest in the Property, any subcontracting party or parties or other transferees under the Disposition and Development Agreement, and any party in possession or occupancy of all or any part of the Property.

7. Both before and after issuance of a Certificate of Completion, the Grantor and Grantee and their successors and assigns only shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Deed or to subject the Property to additional covenants, easements, or other restrictions, and Grantor and Grantee may do so without the consent of any tenant, lessee, easement holder, licensee, or any other such person or entity having any interest less than a fee in the Property. Amendments to the Redevelopment Plan applying to other property in the Project shall not require the consent of Grantee by virtue of this Deed.

8. The covenants contained in this Deed shall not be construed as conditions which might result in forfeiture of title, except for the covenants and conditions contained in Section 2 of this Grant Deed.

9. Promptly after the issuance of a Certificate of Occupancy from the City of Sacramento Building Department and completion of the Improvements in accordance with the provisions of the construction plans approved pursuant to the Disposition and Development Agreement and fulfillment of the related obligations of the Grantee under the Disposition and Development Agreement, the Grantor shall furnish the Grantee with an appropriate instrument (the "Certificate of Completion") certifying such completion and stating that the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Disposition and Development Agreement and in this Deed obligating the Grantee with respect to the construction of the Improvements and the dates for beginning and completion thereof.

With respect to such individual parts or parcels of the Property which, if so provided in the Disposition and Development Agreement, the Grantee may convey or lease as the Improvements thereon are completed, the Grantor shall also, upon proper completion of the Improvements relating to any such part or parcel and prior to such conveyance or lease, issue a Certificate of Completion with regard to such part or parcel. Such certification shall mean and provide (1) that any party purchasing or leasing such individual part or parcel with required authorization shall not (because of such purchase or lease) incur any obligation with respect to the construction of the Improvements relating to such part or parcel or to any other part or parcel of the Property; and (2) that neither the Grantor nor any other party shall thereafter have or be entitled to exercise with respect to any such individual part or parcel so sold (or, in the case of lease, with respect to the leasehold interest) any rights or remedies or controls that it may otherwise have or be entitled to exercise with respect to the Property as a result of a default in or breach of any provisions of the Disposition and Development Agreement or of this Deed by the Grantee or any successor in interest or assign, unless (i) such default or breach be by the purchaser or lessee, or any successor in interest to or assign of such individual part or parcel with any other of the covenants contained and referred to in this Deed and the Declaration of Restrictions and (ii) the right, remedy or control relates to such default or breach.

The Certificate of Completion shall be in a form acceptable for recordation in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Grantor shall refuse or fail to provide the Certificate of Completion, the Grantor shall, within thirty (30) days after written request by the Grantee provide the Grantee with a written statement, indicating in what respects the Grantee has failed to duly complete said Improvements and what measures or acts will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

10. The Grantor certifies that Grantor has complied with all conditions precedent to the valid execution and delivery of this Deed required on its part and that all things necessary to constitute this Deed and its valid, binding and legal agreement on the terms and conditions and for the purposes set forth herein have been done and performed and have happened, and that the execution and delivery of this Deed on its part have been and are in all respects authorized in accordance with law. The Grantee similarly certifies with reference to its execution and delivery of this Deed.

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed on their behalf by their respective and duly authorized officers, on the following dates, effective as of _____.

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

By: _____
La Shelle Dozier, Executive Director

Date: _____

APPROVED: _____
Agency Counsel

Grantee hereby accepts, concurs in and agrees to all the covenants, conditions, easements, reservations and restrictions set forth in this Grant Deed.

Del Paso Homes, Inc. , a California Corporation

By: _____
John Griffin, President

Date: _____

EXHIBIT 1
LEGAL DESCRIPTION

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Parcel One:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, and in Book 20080707, at Page 0692, Official Records County of Sacramento, California, more particularly described as follows:

A portion of Lots 22 and 23 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of Lot 24 as shown on said map; thence along the East line of said Lot 23 and Lot 24 North 01° 47' West 66.54 feet to the point of beginning; thence leaving said East line South 89° 02' West 105.00 feet; thence North 01° 46' 53" West 66.54 feet to the North line of said Lot 22; thence along said North line North 89° 02' 03" East 105.00 feet to the Northeast corner of said Lot 22; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 3, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-035

Parcel Two:

A portion of the land granted to the Housing Authority of the City of Sacramento recorded on July 7, 2008, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 23 and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in Book 12 of Maps, at Page 52, Official Records, County of Sacramento, California, more particularly described as follows:

Beginning at the Southeast corner of said Lot 24; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet; thence leaving said South line North 01° 46' 53" West 66.54 feet; thence North 89° 02' East 105.00 feet to the East line of said block; thence along said East line South 01° 47' East 66.54 feet to the point of the beginning.

Being all of Parcel 1, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-036

Parcel Three:

The East 48.50 feet of Lots 1 and 2, Block 9, as shown on the Plat of West Del Paso Heights, filed in Book 12 of Maps, Map No. 52, Records of said County.

APN: 250-0072-012

Parcel Four:

A portion of the lands granted to the Housing Authority of the City of Sacramento, recorded on July 7, 2008, in Book 20080707, at Page 0686, in Book 20080707, at Page 0692, and in Book 20080707, at Page 0694, Official Records, County of Sacramento, California, more particularly described as follows:

A portion of Lots 22, 23, and 24 of Block 16 in the City of Sacramento, as shown on the "Amended Plat of West Del Paso Heights" recorded in book 12 of Maps, at page 52, Official Records County of Sacramento, California, more particularly described as follows:

Commencing at the Southeast corner of lot 24 as shown on said map; thence along the South line of said Lot 24 South 89° 01' 57" West 105.00 feet to the point of beginning; thence continuing along said South line South 89°01' 57" West 45.00 feet to the Southwest corner of Lot 24; thence along the West line of said Lots 22, 23, and 24, North 01° 46' 53" West 133.09 feet to the Northwest corner of said Lot 22; thence along the North line of said Lot 22 North 89° 02' 03" East 45.00 feet; thence leaving said North line South 01° 46' 53" East 133.09 feet to the point of beginning.

Being all of Parcel 2, as described in that certain 'Certificate of Compliance for Lot Line Adjustment' recorded October 8, 2010, in Book 20101008, Page 562, Official Records.

APN: 250-0073-0034

EXHIBIT 7: Del Paso Homes, Inc. Workforce Development Plan

Del Paso Homes, Inc. Workforce Development Plan: Work and Live in Del Paso Heights/Oak Park Neighborhoods

Purpose:

Section 7.9.2 of this DDA 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 consistent with Section 3 of the HUD Act of 1968 and this Workforce Development Plan (Plan). Compliance with the requirements of Section 7.9.2 of the DDA, as presented herein as Exhibit 7, must be satisfied for each phase identified in the Scope of Development.

The Del Paso Homes, Inc. (Del Paso Homes) will fulfill its obligation to facilitate the employment of residents in the Del Paso Heights Neighborhood (Sacramento City Council District 2) and Oak Park Neighborhood (Sacramento City Council District 5) in construction companies with which it subcontracts to complete the development of all the homes in the Project (as defined in Section 17 of this DDA).

Employment of Residents in Del Paso Heights/Oak Park Neighborhoods:

Prior to Close of Escrow of Phase 1, Del Paso Homes will contract with partners who have the expertise in administering a local hiring program that includes, but is not limited to the following: identifying contractors' needs, recruiting applicants, matching applicants to employment opportunities, following-up with contractors and applicants, providing retention and replacement services to applicants/employees, and conducting evaluations and reporting of the local hiring program. Selection of a partner is subject to review and written approval by the Agency.

Background:

Del Paso Homes Inc. is a privately held local (Sacramento Area) home builder which specializes in infill urban and suburban projects in both the affordable and market rate arena. Del Paso Homes' management team has over 100 years of experience in the home building industry in California and neighboring states and has been active in the design, construction and sale of over 5,000 homes.

Project Goal:

By 12/31/18, the Del Paso Homes Inc. proposes to recruit, place, and retain five (5) residents in the Del Paso Heights/Oak Park Neighborhoods into construction related employment for at least four (4) months.

Project Objectives:

- Objective # 1:** By 2/28/18, Del Paso Homes will have collected 20 job requests from Del Paso Homes, Inc. subcontractors.
- Objective #2:** By 5/31/18, recruit 20 residents in the Del Paso Heights/Oak Park Neighborhoods to fill out employment applications.
- Objective #3:** By 7/31/18, placed five (5) residents in the Del Paso Heights/Oak Park Neighborhoods into construction employment.
- Objective #4:** By 9/30/18 and through Project completion, five (5) residents in the Del Paso Heights/Oak Park Neighborhoods will still be employed by the construction companies.

In the event the total number employed falls beneath five (5) residents, Del Paso Homes will re-engage the Contractors and partners listed above, such as NSBIF/MAN, to facilitate and maintain employment of five (5) residents in the Del Paso Heights/Oak Park Neighborhoods.

Issues that impact successful employment:

The following are some issues that have to be addressed with employers and applicants to ensure the best possible outcomes of this effort.

- Del Paso Homes is scheduled to begin building at the end of 2017. As a consequence, there will be a limited number of employment opportunities related to this building project until that time.
- Employers that are not prepared to work with new hires with no job-related experience.
- New hires that enter employment do not understanding the nature of the work, and determine they are not suited for the job for which they have been hired.
- Applicants test positive for drug use.

Project Implementation:

A. Project Setup:

1. By 12/31/17 Del Paso Homes staff have determined a schedule and agreed on approach to matching, follow-up and retention services with employers and applicants/employees.
2. By 12/31/17 Del Paso Homes staff have determined the data collection content, process, and reporting schedule of the local hiring program.

B. Identify Hiring Needs of Contractors:

1. By 12/31/17 have met with approximately five (5) contractors explaining the program and have an agreement to hire Del Paso Heights/Oak Park residents.
Note: If contractors are hiring during the time of such meetings, requests will be taken and efforts made to match Del Paso Heights/Oak Park residents immediately.
2. By 12/31/17 have development of contractors promotional materials and hiring agreement forms complete.
3. By 2/28/18 have collected approximately 20 job requests.
Note: By completing this process, it will identify and fill any job requests throughout until the Project is complete.

C. Recruit Applicants

1. By 4/30/18 have attended three (3) Del Paso Heights/Oak Park Community events promoting the hiring program.
2. By 4/30/18 have contacted churches, community based organizations, and public agencies promoting the hiring program.
3. By 4/30/18 have presented to students, counselors, and residents at schools, community based organizations, and churches.
4. By 5/31/18 have approximately 20 resident applications in the database.

D. Match Applicants to Employment Opportunities

1. By 1/31/18 have developed an orientation for applicants.
2. By 5/31/18 have placed two (2) or more Del Paso Heights/Oak Park residents into jobs.
3. By 7/31/18 have placed an aggregate total of five (5) or more Del Paso Heights/Oak Park residents into jobs.
4. By 9/30/18 have assisted those who do not want to apply for a construction position other information, such as SETA One Stop Services, other training opportunities, and referred to other employment opportunities.

E. Follow-up, Retention, and Replacement Services

1. By 1/31/18, offer Del Paso Heights/Oak Park residents previously placed in new training any employment opportunities.
2. By 1/31/18, have provided contractors with technical assistance (e.g., completion of forms and working with applicants/employees on any issues that impact successful employment as described above).
3. By 4/30/18, have held workshops with employers on hiring and retaining new employees.
4. Make 30-, 60-day, or more as necessary and determined by staff/caseworkers, notices to follow-up contacts on residents placed into employment.

F. Administration, Evaluation, and Reporting.

1. By 1/31/18 Del Paso Housing Inc. staff will begin submitting monthly progress reports to Agency Staff.
2. By 3/15/18 Del Paso Housing Inc. staff and representatives of Council Districts 2 and 5 will meet to evaluate results and adjust plans.
3. By 6/30/18 Del Paso Housing Inc. staff will meet with employers to assess results and adjust plans.
4. By 9/15/18 Del Paso Housing Inc. staff will hold follow-up meetings with Agency staff and representatives of Council Districts 2 and 5 to discuss Plan progress and success.
5. By 12/31/18 Del Paso Housing Inc. staff will have met with Agency staff to update them on Plan progress.

**ACQUISITION LOAN AGREEMENT
(SELLER CARRY-BACK LOANS)**

**12 VACANT LOTS - SCATTERED SITES
DEL PASO HEIGHTS AND OAK PARK NEIGHBORHOODS, SACRAMENTO, CALIFORNIA**

ARTICLE I TERMS AND DEFINITIONS:

"EFFECTIVE DATE"	, 2017	Which is the date as of which this Loan Agreement shall be effective.
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LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and Definitions and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 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.) The Lender is making the full Loan Amount over two (2) separate phases, in each case as an acquisition loan agreement (seller carry-back loans), and each phase to be represented by a separate promissory note and deed of trust, all pursuant to the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

A. "Loan Information" - The general loan provisions of the Loans		
"LENDER"	The following public agency that is making the Loans, and whose legal status and address are:	
Name	Housing Authority of the City of Sacramento	
Legal Status	A public body, corporate and politic	
Principal Address	801 12th Street, Sacramento, CA 95814	
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:	
Name	Del Paso Homes, Inc.	
Legal Status	A California corporation	
Principal Address	4120 Douglas Boulevard #306-375, Granite Bay, CA 95746	
"LOAN"	The Loans made by this Loan Agreement.	
"LOAN PROGRAM"	Lender's Loan Program	Seller Carry-back Loans
"LOAN AMOUNT"	The sum total of the appraised fair market values of all lots conveyed to Borrower pursuant to the Disposition and Development Agreement entered into by and between Lender and Borrower concurrently with this Loan Agreement. Six Hundred Forty-Six Thousand Dollars and No Cents (\$646,000.00) is the total loan amount under separate Promissory Notes including separate promissory notes for each phase of lots conveyed at each individual lot's appraised fair market value. Phase 1 will include four (4) lots totaling One Hundred Fifty-Six Thousand Dollars and No Cents (\$156,000.00). Phase 2 will include eight (8) lots totaling Four Hundred Ninety Thousand Dollars and No Cents (\$490,000.00). Each note amount will correspond to the total fair market value of each of the lots conveyed in the phase as further described in the Disposition and Development Agreement.	
"INTEREST RATE"	The interest rate is Four Percent (4.0%) per year, simple interest.	
"MATURITY DATE"	For each Promissory Note, the Maturity Date shall be the last day of the 72 nd calendar month following the effective date of this Loan Agreement. Notwithstanding the foregoing, in each case, the Maturity Date may be extended upon written request from Borrower and upon mutual agreement, not to exceed one (1) additional year.	

"PAYMENT START DATE"	Payment under each Promissory Note shall be made as each newly constructed home sells to a qualified and eligible owner occupant household pursuant to the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with this Loan Agreement.	
"PAYMENT AMOUNT"	For each Promissory Note, the Payment Amount shall be the Loan Amounts for Each Individual Lot as listed in Exhibit 2 attached to this Seller Carry Back Loan, plus accrued interest per lot payable from lot transfer close of escrow date to sale of each newly constructed home, until the Promissory Note is paid in full.	
"PAYMENT SCHEDULE"	The unpaid balance of each Note is due and payable on the Note's Maturity Date, including without limitation all unpaid principal, interest, fees and charges.	
"BORROWER EQUITY"	Borrower Equity	The total amount per phase of anticipated utility rebates, minimum Borrower cash equity; and Bank construction financing for each phase as reviewed and approved by Agency prior to conveyance of each phase.
"SPECIAL TERMS"	Multiple Seller Carry-Back loans for phased release of twelve (12) Vacant Lots - Scattered Sites are being made at each Lot's appraised fair market value. The total acquisition loan for all twelve (12) of these Lots is Six hundred Forty Six Thousand Dollars and No Cents (\$646,000.00). Loan Amounts for Each Individual Lot are listed in Exhibit 2 attached to this Seller Carry-Back Loan. Phase 1 transfers four (4) lots. Phase 2 will transfer the remaining eight (8) lots of the 12 Vacant Lots Project pursuant to the Disposition and Development Agreement between Lender and Borrower. Interest on each loan will only accrue on lots actually transferred to the borrower and begin to accrue as of the transfer date. Interest will accrue on each lot within a phase until sold. Repayment will come from close of escrow on the sale of each newly constructed home. Construction of each successive phase will not begin until 100% of the homes in the previous phase have been completed and at least Seventy-Five Percent (75%) of those homes have been sold. Unpaid principal and interest are due in full upon refinance, sale or end of maturity of each note.	
B. "Collateral" The Collateral securing repayment of the Loan, which Collateral consists of the following:		
"PROPERTY"	The following described real property, which is security for each Loan as specified:	
Addresses and APNs	1) 3801 Altos Avenue, Sacramento, 95838 - APN 250-0073-035 2) 3805 Altos Avenue, Sacramento, 95838 - APN 250-0073-036 3) 3845 Altos Avenue, Sacramento, 95838 - APN 250-0072-012 4) 741 Grand Avenue, Sacramento, 95838 - APN 250-0073-0034 5) 2536 37th Street, Sacramento, 95817 - APN 010-0323-012 6) 2627 36th Street, Sacramento, 95817 - APN 010-0324-002 7) 2629 36th Street, Sacramento, 95817 - APN 010-0324-001 8) 3240 8th Avenue, Sacramento, 95817 - APN 013-0284-005 9) 3536 20th Avenue, Sacramento, 95820 - APN 020-0212-010 10) 3550 40th Street, Sacramento, 95817 - APN 014-0231-047 11) 3700 2nd Avenue, Sacramento, 95817 - APN 014-0091-001 12) 3900 4th Avenue, Sacramento, 95817 - APN 014-0141-050	
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in <u>Exhibit 1: Legal Description</u> 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.	
C. "ESCROW INFORMATION":		
"Title Company" and "Escrow Agent"	Placer Title Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow
"Escrow"	The escrow with Escrow Agent	
"Closing Date"	As to each phase, the estimated date for close of the Escrow and transfer of lots, as the same may be extended by mutual consent of Lender and Borrower.	

D. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):	
EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	"Legal Description"
<u>Exhibit 2: Loan Amounts</u>	"Loan Amounts for Each Individual Lot"
<u>Exhibit 3: Note Forms</u>	"Note"
<u>Exhibit 4: Trust Deed Forms</u>	"Trust Deed"
<u>Exhibit 5: Escrow Instructions</u>	"Escrow Instructions"
D. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval:	
Construction Agreement(s) for the Project	
Architectural Agreement(s) for the Project	
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws	
Evidence of construction financing	
Evidence of insurance	
F. "ASSIGNED DOCUMENTS": BORROWER ASSIGNS THE FOLLOWING DOCUMENTS TO LENDER AS SECURITY FOR THE LOAN	
Construction Agreement	
Architectural Agreement	
Subject to the interests of any senior lender, any lease and rental agreements for the Property, or any part of it.	
G. "SPECIAL PROVISIONS" The following special provisions shall be in addition to the provisions of this Loan Agreement:	
The Loans are made pursuant to the Disposition and Development Agreement by and between Borrower and the Housing Authority of the City of Sacramento ("Agency") dated _____, 2017 ("DDA"). This Loan Agreement is subject to the DDA including without limitation, conditions precedent to funding nor entering into this Loan or making disbursements of the Loan Proceeds. Lender, herein, has delegated its approval authority to the Agency pursuant to and consistent with the DDA.	
This loan is a seller carry-back loan. No loan funds will be disbursed. Loan shall be used solely for Property acquisition costs.	

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the date first written above.

BORROWER:
DEL PASO HOMES, INC.
a California Corporation

AGENCY:
HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO, a public body, corporate and politic

By: _____
John Griffin, President

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Borrower Counsel

Approved as to form:

Agency Counsel

ARTICLE II LOAN PROVISIONS

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I General Terms and as defined in Section 1 of this Article II Loan Provisions. (Terms being defined are indicated by quotation marks.) The Lender is making the Loan pursuant to the Loan Commitment and the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

1. **DEFINITIONS.** Terms not defined in Article I and II of this Loan Agreement shall have the definitions assigned in the Disposition and Development Agreement entered into by and between the Lender and Borrower concurrently with this Loan Agreement. If a definition in Article I refers to an Exhibit that is a document form, the attached document is a true and correct copy of the document referenced. As used in this Loan Agreement, the following terms shall have the following meanings:

1.1. "Approved Loans" means bank loans to Developer, including construction loans and a Permanent Loan (as defined below), related to the construction of the homes, which Approved Loans will be secured by a senior lien against the Property.

1.2. "Business Day" means regularly scheduled business day of the Sacramento Housing and Redevelopment Agency. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

1.3. "Close of Escrow" means, as to each phase and escrow, 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. As to each phase, the Close of Escrow shall occur on its respective Closing Date.

1.4. "Default Rate" is the maximum legal interest rate.

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

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

1.7. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Trust Deed, the Note and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan beyond any applicable notice and cure periods.

1.8. "Financial Statements" means the financial statements of Borrower (and any other persons on whose financial capacity the 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.

1.9. "Fixtures" means all fixtures located on or within the Property or now or later installed in or used in connection with any of the Property, 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.

1.10. "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.

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

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

1.13. "Loan Agreement" means this Loan Agreement including Article I and II, 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.

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

1.15. "Permanent Lender" is the lender for the Permanent Loan.

1.16. "Permanent Loan" means the permanent financing obtained by Borrower through an Approved Loan, which is to be made after completion of construction and which will be secured by a senior lien against the Property.

1.17. "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 or operation of the Property, and all furniture, furnishings, equipment, machinery, 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.

1.18. "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.

1.19. "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.

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

2. 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:

2.1. BORROWER'S POWERS. Borrower has full power and 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.

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

2.3. LITIGATION. To the best of the Borrower's knowledge, there are no actions, suits, or proceedings pending or 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.

2.4. NO VIOLATION. 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 the Borrower or any of its general partners is a party or by which it or they or the Property may be bound or affected.

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

2.6. TITLE TO PROPERTY. Borrower will be 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 and as otherwise contemplated under this Loan Agreement.

2.7. NO UNAPPROVED LOANS. Borrower has not received financing for either the acquisition of the Property, the use and operation of the Property, or the permanent financing of the Property except as has been fully disclosed to and approved by Lender in writing.

2.8. TITLE OF PERSONALTY. All Personalty is vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is a valid lien.

2.9. TAXES PAID. From and after Borrower's acquisition of the Property, or any part thereof, Borrower has filed or will file all required Federal, State, County, and City tax returns and has paid or will file all taxes due and owing on such acquired Property, or part thereof. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

2.10. CONSTRUCTION QUALITY. With respect to improvements made to the Property following Borrower's acquisition thereof, there are no structural defects in the Property that are known to or reasonably should be known to Borrower or its agents and employees, and to the best of Borrower's knowledge, no violation of any Governmental Requirement exists.

2.11. 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 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.

3. LOAN. Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount, to finance the purposes and uses and subject to the terms, conditions, representations, warranties, and covenants, all as stated in this Loan Agreement.

3.1. PRINCIPAL AMOUNT. The principal amount of the Loan shall be the Loan Amount.

3.2. USE OF LOAN FUNDS. Loan funds shall be used only for acquisition financing and for other purposes specified in the Loan Agreement.

3.3. 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.

3.4. NOTE AND SECURITY DOCUMENTS. The Loan is evidenced by separate Notes, one for each phase, and in each case, executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of each Note is secured by Trust Deed covering the portion of the Property released in each phase. Borrower shall execute, as Trustor, the Trust Deed in favor of the Title Company as Trustee in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan, including each separate Note, is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

3.5. REGULATORY AGREEMENT. The Regulatory Agreement associated with each phase imposing covenants, conditions and restrictions running with the land is a material consideration for the making of each phase of the Loan. Borrower shall execute the Regulatory Agreement for each phase prior to Close of Escrow and deliver it to Escrow for recordation.

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

4.1. CONDITION OF TITLE. For each phase, 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 for each phase, Lender's Trust Deed shall be a valid lien against the portion of the Property released in such phase and 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.

4.2. 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 Additional Conditions to Close of Escrow 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 Close of Escrow, (e) the Agreement continues to be in full force and effect, no default on the part of Borrower has occurred under the 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 the Loan Agreement; and (e) Lender has approved the Approval Loans.

4.3. CONDITIONS TO BORROWER'S PERFORMANCE. Unless waived by Lender, Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (c) Lender has met the Additional Conditions to Close of Escrow and applicable Special Provisions, if any; (d) Lender's representations and warranties in this Loan Agreement are correct as of the date of this Loan Agreement and as of the Close of Escrow; and (e) the Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under the Loan Agreement.

4.4. ESCROW. The parties shall open the Escrow for the first phase promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date. Each subsequent phase shall be opened promptly at the time 100% of the homes in the previous phase have been completed and at least 80% of those homes have been sold in the immediately preceding phase.

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

5. RELOCATION. Lender is required by law to provide relocation services and make relocation payments to eligible tenants displaced as a result of the Lender's involvement in the Property. Borrower shall comply fully with all relocation laws that are the obligation of Lender or are otherwise applicable to the Property. Borrower's compliance with the relocation requirements as stated in this Section 5 is a material element of this Loan. Borrower's failure to comply with the relocation requirements as stated in this Section 5 is an Event of Default.

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

5.2. 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.

5.3. 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 the Lender's instruction and direction.

6. ADDITIONAL SECURITY INSTRUMENTS. Upon request by Lender, Borrower shall execute and deliver to Lender a security instrument in favor of Lender naming as secured property all contracts related to the Property and all other property of any kind owned by Borrower and used primarily in connection with the Property. Lender may require such instrument at any time, and from time to time may require additions of new contracts and other property. 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.

7. CONDITIONS PRECEDENT TO LOAN DISBURSEMENT. The obligation of Lender to make any disbursements under this Loan Agreement shall be subject to the following conditions precedent (subject only to the rights of the Permanent Lender):

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

7.2. If requested by Lender, Borrower has furnished to Lender 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 in Personalty other than those of Lender and Senior Lender.

7.3. The Property and all fixtures, and furnishings installed on or acquired for the Property are owned by Borrower free of any liens, encumbrance, or other interests of any kind other than Lender's lien or security interest or lien/security interests pertaining to the Senior Loan

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

7.5. 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.

7.6. 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.

7.7. There is no legal action threatened or pending against Borrower or any Additional Collateral.

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

7.8.1. Borrower has obtained and Lender has approved a loan approval from a financial institution (or other lender approved by Lender in its sole discretion) to make the Permanent Loan, which provides (a) that it is subject only to those conditions which are usual and customary in the industry and which can be satisfied by the proposed closing date of the Permanent Loan; (b) that it is in full force with no default by any party; and (c) that Lender will have notice of, and a reasonable opportunity to cure, any Borrower defaults.

7.8.2. The Permanent Lender's commitment to make the Permanent Loan is in full force, has not been modified and no event has occurred that with notice or the passage of time or both could result in the termination of it. Nothing in the Permanent Loan commitment, or submissions and approvals made under it, conflicts with this Loan agreement. Borrower has done all things necessary to keep unimpaired its rights under the Loan Commitment

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

7.8.4. Borrower has provided proof of all insurance required by this Loan Agreement.

7.8.5. A minimum of Seventy-Five Percent (75%) of the homes in the previous phase have been sold and One Hundred Percent (100%) constructed prior to beginning construction on the next successive phase.

8. DEFAULTS

8.1. **EVENTS OF DEFAULT.** Subject to the notice and cure provisions set forth in Section 16 of the Trust Deed, at the option of Lender, each of the following events will constitute a default (each an "Event of Default"):

8.1.1. The occurrence of an Event of Default under the Trust Deed.

8.1.2. Borrower's failure to comply with any Governmental Requirements; provided, however that Borrower's right to challenge the Governmental Requirements is not abridged.

8.1.3. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the occupancy or use of the Property, unless Borrower has renewed the same or otherwise cured the lapse prior to Agency's issuance of a notice of the default.

8.1.4. The filing of any lien against the Property (except as otherwise contemplated or approved under this Loan Agreement), if the claim of lien continues for sixty (60) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender.

8.1.5. The attachment, levy, execution, or other judicial seizure of any portion of the Property, 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.

9. REMEDIES

9.1. **OPTION TO ACT.** Subject to the notice and cure provisions of Section 16 of the Trust Deed, 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:

9.1.1. Terminate its obligation to make disbursements.

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

9.1.3. 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.

9.1.4. 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.

9.1.5. Make any unauthorized payment from Loan Proceeds or other funds of Lender.

9.1.6. 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 Default Rate from the date the funds were spent until repaid which amounts will be deemed secured by the Trust Deed.

9.2. **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.

9.3. 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 for the failure to protect the Property; the payment of any expense incurred in connection with the exercise of any remedy available to Lender; or the performance or nonperformance of any obligation of Borrower.

10. FIRE, HAZARD AND EXTENDED COVERAGE INSURANCE. For the duration of Loan Agreement, Borrower shall obtain and maintain fire and hazard insurance to the full insurable value of the Property with endorsements of extended coverage, vandalism, and malicious mischief, and with such other endorsements and in such amounts as the Agency may reasonably require to protect the Property. In the event of damage to the Property and subject to the requirements of Lender, Borrower shall use the proceeds of such insurance to reconstruct the Property and the public improvements.

10.1. 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, or such other equivalent rating, as may reasonably be approved by Agency's legal counsel. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

10.2. FAILURE TO MAINTAIN. If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, the Lender, after providing Borrower with not less than seven (7) days notice, Agency shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to the Agency. If Borrower fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

11. MISCELLANEOUS.

11.1. NONRECOURSE. Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan, Lender's sole recourse shall be against the Property.

11.2. FEDERAL 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 shall fully cooperate with, and assist, Borrower in fulfillment of such obligations.

11.3. 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.

11.4. FINANCIAL STATEMENTS. Borrower shall provide Financial Statements to Lenders, as and when reasonably requested to assure the good status of the Loan and the Property.

11.5. 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.