

xxix. "Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including a property management fee initially ; \$40,000 in calendar year 2014 and escalating at three percent (3%) annually thereafter; taxes and assessments; payroll, payroll taxes and benefits for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. All Operating Expenses must be included in the budget approved by the Authority.

xxx. "Operating Revenues" means all cash income derived and actually received from all the Units in the Improvements, and shall include, without limitation: 1) rent; 2) payments pursuant to a HAP Contract; 3) receipts from laundry, parking or any other services for which a fee is charged; and 4) insurance proceeds.

xxxii. "Party" means Authority or Lessee, as applicable. The Authority and Lessee shall be referred to collectively as the "Parties."

xxxiii. "Regulatory Agreements" refers to the HUD Use Agreement, the SHRA HOME Regulatory Agreement, any any other recorded restrictions related to the other Approved Financing, including the Bond Regulatory Agreement and the Tax Credit Restrict Covenant, setting forth certain terms and conditions under which the Leased Premises will be operated.

xxxiiii. "Rent" means the the rent from Lessee to the Authority as described in Section 2.3, below.

xxxv. "Senior Loan" means the permanent loan to Lessee from Bank of America, N.A.

xxxvi. "SHARP" means Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation.

xxxvii. "Taking" means during the Term hereof of all or any part of the Leased Premises and/or the Improvements, or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain or a change in grade materially affecting the Leased Premises or any part thereof. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right or interest so taken must be surrendered to the condemning authority, or (b) the date title vested in a condemning authority or other party pursuant to any Taking.

xxxviii. "Tenant Household" means any household authorized by Lessee to occupy a Unit.

xxxix. "Tenant Rent" means the Tenant Household's share of rent charged for a Unit.

xxxix. "Total Tenant Payment" has the meaning set forth in 24 CFR Part 5.628.

xl. "Units" means the residential units in the Improvements, excluding one manager's unit, which shall be occupied by the Tenant Households.

b. Exhibits. The Exhibits referred to in this Lease and attached hereto are:

Exhibit A Leased Premises

Exhibit B October 24, 2013, letter from Ainars Rodins, P.E., Director of the HUD Special Applications Center to La Shelle Dozier, the Authority's Executive Director

Exhibit C October 24, 2013 Memorandum from Ainars Rodins to _____, Director of HUD's Office of Public Housing, 9AHP

Exhibit D Hazardous Materials Disclosure

LEASE OF THE LAND; RENTAL PROVISIONS

c. Lease of the Land.

The Authority, for and in consideration of the covenants and agreements to be kept and performed by Lessee, leases the Leased Premises to Lessee, and in consideration thereof, Lessee does take, hire and lease the Leased Premises from the Authority pursuant to the terms of this Lease. Lessee or its designee shall operate the Leased Premises in compliance with all applicable laws.

d. Term.

The term of this Lease (the "Lease Term" or the "Term") shall commence on the Effective Date, and shall continue from such date until the expiration of Ninety-Nine (99) years, unless earlier terminated in accordance with this Lease.

e. Rent.

Lessee shall pay the Authority rent in the amount of Three Hundred Ninety-two Thousand Dollars (\$392,000). This one time rent shall be financed by Authority through this Ground Lease and repayment shall be payable on an annual basis. The Authority will charge interest at the applicable federal rate to be fixed as of the date of closing and compounded annually. Rent repayments are to begin in the first month of the first calendar year after the Seller Carryback Loan for the acquisition of the improvements has been repaid in full. Such payments are based upon and equal to "Residual Cash Flow," meaning Revenue reduced by the following: (a) Operating Expenses; (b) required deposits into replacement reserves maintained by the Borrower; (c) debt service and fees on the Senior Loan and reserve deposits required under the Senior Loan; (d) asset management fee up to Five Thousand Dollars (\$5,000) initially in the first year of operations after construction completion and closing of this Loan, and thereafter increasing by no more than three percent (3%) annually; (e) partnership management fee up to Twenty Thousand Dollars (\$20,000) initially, thereafter increasing by no more than three percent (3%) annually; and (f) deferred developer fee. Determination of the amount of Residual Cash Flow for the current year will be based on the annual

audited financial statement from the prior year. Payments will be first applied to accrued interest and then to the \$392,000.00 until repaid in full.

All unpaid ground rent shall be due and payable at Lease Term Maturity. All unpaid ground rent may also be due upon sale of the Improvements or refinancing of the Improvements, unless prior written approval is obtained from the Authority.

THE IMPROVEMENTS

f. Construction.

Lessee shall cause the commencement of rehabilitation of the Improvements within thirty (30) days following recordation of the Memorandum of Lease. Lessee shall cause the Improvements to be rehabilitated in substantial compliance with the construction plans and specifications for the Improvements that have been previously approved by Authority pursuant to the DDA. Any and all Improvements rehabilitated by or on behalf of Lessee shall be constructed in a good and workman-like manner, in compliance with all applicable Legal Requirements, including, without limitation, wage rates under the Davis Bacon Act (40 U.S.C.A. 276a 1 through 40 U.S.C.A. 276a 5), the requirements of the Approved Financing, and MBE & WBE Requirements. Lessee shall take no action to effectuate any material amendments, modifications or alterations to the plans and specifications unless Authority has approved such in accordance with the DDA.

g. No Liens.

Lessee shall not have any right, authority or power to bind Authority, Authority's fee interest in the Leased Premises or any other interest of Authority in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Improvements or any change, alteration or addition thereto. Lessee shall not have any right to encumber Lessee's Estate without the written consent of Authority, other than as set forth in the Preliminary Title Report and other than with Leasehold Mortgages for Approved Financing, the Regulatory Agreements, utility easements and other customary easements necessary and incidental to the development, construction and operation of the Improvements, which easements are subject to the approval of Authority, which shall not be unreasonably withheld.

The Lessee shall promptly pay and discharge all claims for work or labor done, supplies furnished or services rendered at the request of the Lessee and shall keep the Leased Premises free and clear of all mechanics' and materialmen's liens in connection therewith. If any claim of lien is filed against the Leased Premises or a stop notice is served on the Authority or other third party in connection with the development, construction or operation of the Improvements or any change, alteration or addition thereto, then Lessee shall, within thirty (30) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Authority a surety bond in sufficient form and amount, or provide the Authority with other assurance satisfactory to the Authority that the claim of lien or stop notice will be paid or discharged, provided that the Authority provides written notice of such claim of lien or stop notice to the Lessee promptly upon receipt by the Authority.

If Lessee fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Authority may (but shall be under no obligation to) discharge such lien,

encumbrance, charge, or claim at Lessee's expense and, Lessee shall pay to the Authority as Additional Rent any such amounts expended by the Authority within thirty (30) days after written notice is received from the Authority of the amount expended. Alternately, the Authority may require Lessee to immediately deposit with the Authority the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Authority may use such deposit to satisfy any claim or lien that is adversely determined against Lessee.

Lessee shall file a valid notice of cessation or notice of completion upon cessation of construction on the Improvements for a continuous period of thirty (30) days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take all other reasonable steps to forestall the assertion of claims of lien against the Leased Premises. The Authority shall have the right to post or keep posted on the Leased Premises, or in the immediate vicinity thereof any notices of non-responsibility for any construction, alteration or repair of the Leased Premises by Lessee. Lessee authorizes the Authority, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Authority deems necessary or desirable to protect its interest in the Leased Premises.

3.3 Permits, Licenses and Easements. Lessee shall be responsible for obtaining any and all permits, licenses, easements and other authorizations required by any governmental authority with respect to any construction or other work to be performed on the Leased Premises and to grant or cause to be granted all permits, licenses, easements and other governmental authorizations that are necessary or helpful for electric, telephone, gas, cable television, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the construction or operation of the Improvements. Lessee shall be entitled, without separate payment to Authority for tap or connection fees, to tap into the existing lines, facilities and systems of applicable electric, gas, cable, water, sewer, sewer treatment and other utilities serving the Leased Premises, provided Lessee remains responsible for payment of such fees therefor as are required by the City. Authority agrees to use Authority's reasonable efforts to assist Lessee to obtain waiver, reduction or deferral, as applicable, of all fees and other charges otherwise payable in connection with obtaining any permits, licenses, easements and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises in connection with the Improvements.

h. Title to Improvements.

i. During the Term. Authority hereby grants to Lessee, without warranty express or implied, any right, title, or interest that Authority has or may have in the Improvements now or hereafter located on the Leased Premises which improvements are and shall remain real property. Notwithstanding any provision in this Lease to the contrary, the Improvements and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on, under or to the Leased Premises or Improvements shall be the sole property of Lessee or its successors and/or assigns and Lessee shall hold title to all such Improvements until the expiration of the Term or other termination of this Lease; provided, however, that Lessee shall have no right to destroy, demolish or remove the Improvements except as necessary to effect the rehabilitation of the Project during the construction loan period and except as specifically provided for in this Lease or as approved in writing by Authority. It is the intent of the parties hereto that this Lease shall create a constructive notice of severance of the Improvements from the Leased Premises without the necessity of a deed from Authority.

ii. After the Term. Upon the expiration of the Term or other termination of the Lease, the Improvements and all alterations, additions, equipment and fixtures shall be deemed to be and shall automatically become the property of Authority, without cost or charge to Authority. Authority agrees that Lessee, at any time prior to the sixtieth (60th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all

equipment which Lessee has furnished for maintenance purposes or for the use of the management agent, provided that Lessee shall repair any physical damage to the Leased Premises caused by the removal of such equipment and property. Lessee agrees to execute, at the request of Authority at the end of the Term, a quitclaim deed of the Improvements to Authority to be recorded at Authority's option and expense and any other documents that may be reasonably required by Authority or Authority's title company to provide Authority title to the Leased Premises and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by Authority.

i. **Benefits of Improvements During Term.** Authority acknowledges and agrees that any and all depreciation, amortization, profits, losses, income and tax credits for federal or state tax purposes relating to the Improvements located on the Leased Premises and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively to Lessee during the Term and for the tax years during which the Term begins and ends.

j. **Restrictions Applicable to Units.** The Lessee shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements that are then encumbering Leasehold Estate. To the extent applicable, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

k. **Equal Opportunity.** During the rehabilitation of the Improvements, Lessee shall not discriminate against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation or gender identity, marital status, disability, national origin, ancestry, language proficiency or age in the hiring, firing, promoting or demoting of any person engaged in the construction work. Lessee shall comply with and adhere to the covenants contained in the MBE & WBE Requirements, as set forth in Exhibit F.

AFFORDABILITY AND OCCUPANCY

l. Occupancy and Rent Requirements.

i. At a minimum, the Units shall be affordable to and occupied by households having an income not greater than eighty percent (80%) of AMI at admission. Tenant Rent and the Units shall continue to be affordable to and occupied by households having incomes no greater than eighty percent (80%) of AMI at admission for the Term of this Lease.

m. Section 8-HCV.

It is anticipated that Lessee will enter into a HAP Contract for the Leased Premises with the Authority pursuant to which it will receive Project Based Vouchers, authorized by the United States Housing Act of 1937 (42 U.S.C.A. 1437(o)(13)), and implemented in accordance with the Authority Administrative Plan. Lessee agrees to accept Project Based Vouchers or any equivalent rental subsidy if the Project Based Voucher program ceases to exist, and apply for an extension of the term of the HAP Contract, so long as the occupancy and rent requirements of Section 4.1 are in effect.

Pursuant to the HAP Contract, the Authority will pay Lessee the difference between the Tenant Rent and the rent to owner amount determined pursuant to 24 CFR Part 983.301, or any successor regulation.

Notwithstanding anything to the contrary herein, so long as there is a HAP Contract for the Leased Premises, the amount of Tenant Rent payable by a Tenant Household eligible to receive Section 8 assistance shall be determined pursuant to the Authority's Section 8 Administrative Plan, the HAP Contract as a project based voucher unit and applicable HUD regulations.

Nothing in this Lease shall limit the maximum amount payable to Lessee pursuant to any HAP Contract.

INCOME CERTIFICATION AND REPORTING

n. Tenant Selection Plan.

Lessee, to the extent required under or in connection with the HAP Contract shall only lease Units to households from the Authority's waiting lists or from a waiting list approved in writing by the Authority. Lessee agrees to comply with all federal rules that apply to the Authority's Project-Based Section 8 program, including those regarding income targeting. Authority agrees and acknowledges that the Units shall also be leased in accordance with and subject to Section 42 of the Internal Revenue Code and a regulatory agreement to be entered into with the California Tax Credit Allocation Committee for the term of that regulatory agreement.

o. Income Certification.

Lessee shall insure that Tenant Households are income certified consistent with the requirements provided to it by the Authority.

p. Annual Report to the Authority.

Lessee shall submit to the Authority not later than the fifteenth (15th) day after the close of each fiscal year of the Lessee, or such other date as may be requested by the Authority, a statistical report, including income, occupancy, rent, and work order data for all Units, or as otherwise requested by the Authority.

q. Additional Information.

Lessee shall provide any additional information reasonably requested by the Authority or HUD. The Authority and HUD shall have the right, upon reasonable notice during regular business hours, to examine and make copies of all books, records or other documents of Lessee which pertain to any of the Leased Premises.

r. Tenant Records.

i. Lessee shall keep and maintain in accordance with generally accepted accounting principles consistently applied, complete, accurate and current records pertaining to the Leased Premises, and shall permit any duly authorized representative of the Authority or HUD to inspect records, including records pertaining to income and household size of Tenant Households, and rent charged Tenant Households. All Tenant lists, applications and waiting lists relating to the Leased Premises shall at all times be kept separate and identifiable from any other business of Lessee and shall be maintained as required by the Authority, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Authority or

HUD. The Authority shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years after creation.

ii. The Authority shall notify Lessee of any records it deems insufficient. Lessee shall have fifteen (15) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the Authority in such notice, or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Lessee shall begin to correct the deficiency within fifteen (15) days and correct the deficiency as soon as reasonably possible.

s. On-Site Inspection.

The Authority shall have the right to perform an on-site inspection of the Leased Premises at least one (1) time per year to verify compliance with the requirements of this Lease. Lessee agrees to cooperate in such inspection. If the Authority desires to inspect the interior of the residential units, the Authority shall give Lessee sufficient notice to allow Lessee to provide state law required notice to Tenant Households.

PROPERTY MANAGEMENT AND MAINTENANCE; RESERVES

t. Management Responsibilities.

Lessee is responsible for all management functions with respect to the Leased Premises, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Lessee shall contract with the Authority to manage the Leased Premises, or, upon approval of the Authority in its sole discretion, retain a professional property management company approved by the Authority in its reasonable discretion to perform the property management duties hereunder. The Authority shall have no responsibility over management of the Leased Premises unless pursuant to a separate contract for management between the Parties. The rental subsidy programs for the Leased Premises shall be administered in accordance with the Authority's Section 8 Administrative Plan.

u. Management Agent; Periodic Reports.

If the Authority directs or agrees upon request of Lessee, to allow for the management of the Leased Premises, by other than the Authority, then management shall be by an experienced management agent acceptable to the Authority, with demonstrated ability to operate residential facilities like the Leased Premises in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). Lessee shall submit for the Authority's approval the identity of any proposed Management Agent. Lessee shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for the Authority to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the Authority shall approve the proposed Management Agent by notifying Lessee in writing.

v. Performance Review.

The Authority reserves the right to conduct an annual (or more frequently, if deemed necessary by the Authority) review of the management practices and financial status of the Lessee and the Leased Premises. The purpose of each periodic review will be to enable the Authority to determine if the Leased Premises are being operated and managed in accordance with the requirements and standards of this Lease. Lessee shall cooperate with the Authority in such reviews.

w. Replacement of Management Agent.

If, as a result of a periodic review, the Authority determines in its reasonable judgment that the Leased Premises are not being operated and managed in accordance with any of the material requirements and standards of this Lease, the Authority shall deliver notice to Lessee of its intention to cause replacement of the Management Agent, if other than the Authority, including the reasons therefor. Within fifteen (15) days of receipt by Lessee of such written notice, the Authority's staff and Lessee shall meet in good faith to consider methods for improving the financial and operating status of the Leased Premises, including, without limitation, replacement of the Management Agent.

If, after such meeting, the Authority's staff recommends in writing the replacement of the Management Agent, Lessee shall promptly dismiss the Management Agent consistent with the approved property management contract, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in Section 6.2 above and approved by the Authority's pursuant to Section 6.2 above.

Any contract for the operation or management of the Leased Premises entered into by Lessee shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute an Event of Default under this Lease.

x. Approval of Management Policies.

The Authority shall provide written management policies, including policies related to the selection of Tenant Households, with respect to the Leased Premises to Lessee. Any changes to such policies shall be as provided by the Authority or, if any changes are requested by Lessee, they must be approved in writing by the Authority, in its sole discretion.

y. Property Maintenance.

Lessee shall maintain the interior and exterior of all Improvements, including landscaping, in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction over the Property and all their respective departments, bureaus, and officials.

The Authority places prime importance on quality maintenance to ensure that the Leased Premises are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Leased Premises will be acceptable to the Authority so long as Lessee makes all repairs and replacements necessary to keep the Improvements in good condition and repair.

Lessee shall be responsible for the cost of the following utilities: water and sewer, common area electricity and waste removal supplied to the Leased Premises. Subject to Section 8.2(d), Lessee shall pay or cause same to be paid currently and as due.

z. Authority's Approval.

Any repairs, alterations or replacements to the Leased Premises, after the recording of the Lessee's Notice of Completion for the rehabilitation anticipated to cost in excess of Twenty-Five Thousand Dollars (\$25,000) must be approved in advance by the Authority.

aa. Replacement Reserve.

Lessee shall establish and maintain a Replacement Reserve ("Replacement Reserve") until the termination of this Lease. The Replacement Reserve shall be funded by deposits in the amount of at least Three Hundred Dollars (\$300) per unit per year or such greater amount as required by Senior Lender or investor limited partner, due on the first day of each month. The Authority may adjust, at any time, the amount of the monthly payments to be made into the Replacement Reserve as necessary to, in its sole discretion, keep pace with increases in the costs of replacing structural elements and equipment of the Leased Premises. The Replacement Reserve shall be used upon the Authority's written approval to replace major structural elements or equipment of the Leased Premises or for any other purpose consistent with maintaining the financial and physical integrity of the Improvements.

bb. Operating Reserve.

Lessee shall establish and maintain an Operating Reserve funded by an initial deposit in the amount of One Hundred Fifty Dollars (\$150) per unit or such greater amount required by Senior Lender or investor limited partner, due at the time the Senior Lender loan converts to permanent financing. The Operating Reserve shall be used upon Authority approval to cover operating deficits.

BUDGET APPROVAL

cc. Budget Development.

Annually, in consultation with the Authority's property management staff, the general partner of the Lessee shall develop a budget for the operation of the Leased Premises. A copy of the approved annual budget will be provided to the Authority no later than January 31st of the budget year.

ASSURANCES OF LESSEE; TAXES AND ASSESSMENTS

dd. Assurances of Lessee.

Lessee shall use the Leased Premises for the operation of the Improvements on the Leased Premises in accordance with the restrictions and assurances set forth in this Lease. Further, Lessee agrees and warrants:

i. That income from the Leased Premises will only be used to maintain, operate and improve the Leased Premises, including funding the reserves required by Article 6.

ii. That Lessee will use commercially reasonable efforts to prevent any member of any Tenant Household from committing or maintaining any nuisance or unlawful conduct on or about the Leased Premises and that Lessee will not use or allow the Leased Premises to be used for any disorderly or unlawful purpose;

iii. That Lessee will use commercially reasonable efforts to prevent any member of any Tenant Household from violating any of the covenants and conditions of this Lease with respect to the Leased Premises;

iv. Subject to all applicable laws and the rights of Tenant Households, that Lessee will take commercially reasonable action, if necessary, to abate any violation of this Lease by any member of any Tenant Household upon notice from the Authority; and

v. Lessee shall operate the Leased Premises as provided in the HUD Disposition Approval.

cc. Taxes and Assessments.

i. Payment of Taxes and Assessments. Except as provided in Section 8.2(e), Lessee covenants and agrees during the entire Lease Term, at its own cost and expense, to pay the public officers charged with their collection, as the same become due and payable and before any fine, penalty, interest, or other charge may be added to them for non-payment, all real estate taxes, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied or imposed upon, or due and payable in connection with, or which become a lien upon, the Leased Premises, the Improvements, or any part of the Leased Premises or Improvements, or upon this Lease, as well as assessments for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which shall, during the Lease Term, be made, assessed, levied, or imposed upon or become due and payable in connection with, or a lien upon the Leased Premises, the Improvements, or any part of the Leased Premises or Improvements, or upon this Lease. Lessee shall be responsible for obtaining a low-income housing property tax exemption, as available, or necessary.

ii. Payment of Fees. Except as provided in Section 8.2(e), Lessee covenants and agrees during the entire Lease Term, at its own cost and expense, to pay, as the same become due and payable and before any fine, penalty, interest, or other charge may be added to them for non-payment, license and permit fees, charges for public utilities of any kind, and any and all governmental charges relating to the use or occupancy of the Improvements.

iii. Copies of Notices to Lessee. The Authority agrees promptly to send to Lessee copies of any and all notices received by it in respect to any taxes, assessments, charges, or fees for which Lessee is liable pursuant to this Section 8.2.

iv. Lessee's Right to Contest. If Lessee disputes any amount or validity of any liens, taxes, assessments, charges, penalties or claims, including liens or claims of material suppliers, mechanics or laborers, upon the Leased Premises or the Improvements, regardless of whether such amounts are payable by the Authority or Lessee, Lessee may contest and defend against the same at its cost, and in good faith diligently conduct any necessary proceedings in connection therewith

to prevent and avoid the same; provided, however, that such contest shall be prosecuted to a final conclusion as speedily as possible. The Authority agrees to render to Lessee all reasonable assistance, at no expense to the Authority, in contesting the validity or amount of any such taxes, assessments or charges, including joining in the signing of any protests or pleadings which Lessee may deem advisable to file. During any such contest, Lessee shall (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of tax sale, any foreclosure of, or any divesting thereby of title, reversion or other interest in or to the Leased Premises.

v. The Authority's Obligations. The provisions of this Lease shall not be deemed to require Lessee to pay any municipal, county, state, or federal income or gross receipts or excess profits taxes assessed against the Authority, or any municipal, county, state, or federal capital levy, estate, succession, inheritance, gift, or transfer taxes of the Authority, or franchise taxes imposed upon any owner in fee of the Leased Premises. Any rebate made on account of any taxes or charges paid by the Authority and not reimbursed by Lessee shall belong and be paid to the Authority; otherwise such rebate shall belong to Lessee.

ff. Assignment of Lessee's Leasehold Interest.

Lessee may not assign its interest in this Lease without the written consent of the Authority, which consent shall be at the Authority's sole discretion except as set forth in Article 18, below.

HAZARDOUS MATERIALS.

gg. Certain Covenants and Agreements.

Lessee hereby covenants and agrees that:

i. Lessee shall not knowingly permit the Leased Premises or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials in violation of any applicable law or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Leased Premises in violation of any applicable law;

ii. Lessee shall keep and maintain the Leased Premises and each portion thereof in compliance with, and shall not cause or permit the Leased Premises or any portion thereof to be in violation of, any Hazardous Materials Laws;

iii. Upon receiving actual knowledge of the same Lessee shall immediately advise the Authority in writing of:

1. any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Lessee or the Leased Premises pursuant to any applicable Hazardous Materials Laws;

2. any and all claims made or threatened by any third party against Lessee or the Leased Premises relating to damage, contribution, cost recovery, compensation,

loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (i) and this clause (ii) are hereinafter referred to as "Hazardous Materials Claims");

3. the presence of any Hazardous Materials in, on or under the Leased Premises in such quantities which require reporting to a government agency; or

4. Lessee's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, which would materially restrict the ownership, occupancy, transferability or use of the Leased Premises or to be otherwise subject to any material restrictions on the ownership, occupancy, transferability or use of the Leased Premises under any Hazardous Materials Laws.

If the Authority reasonably determines that Lessee is not adequately responding to a Hazardous Material Claim or any condition in Sections 9.1(c)(iii) or (iv), the Authority shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by Lessee.

iv. Without the Authority's prior written consent, which shall not be unreasonably withheld or delayed, Lessee shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Leased Premises (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

v. Authority acknowledges that Leased Premises contains existing Hazardous Materials in the form of asbestos and lead based paint that was present in building materials used in construction of the Improvements prior to Lessee's ownership and Authority has agreed that, in compliance with all regulatory and statutory requirements, Lessee will be remediating and removing an agreed upon portion of said Hazardous Materials in accordance with the Final Plans and will also be encapsulating and leaving in place within the Leased Premises the remaining portion of said Hazardous Materials in accordance with the Final Plans.

hh. Indemnity.

Without limiting the generality of the indemnification set forth in Section 11.4 below, Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Authority) the Authority, its board members, commissioners, officers, agents, successors, assigns and employees (the "Indemnitees") from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of:

i. The failure of Lessee or any other person or entity (other than an indemnitee) on or after the Effective Date (or prior to the Effective Date if due to the negligence or willful misconduct of Lessee or any other person under the control of Lessee to the extent resulting in material harm to an Indemnitee), to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Leased Premises;

ii. Any release or discharge of any Hazardous Materials into, on, under or from the Leased Premises, arising on or after the Effective Date, or the presence in, on, or under the Leased Premises of any Hazardous Materials that occurs on the Leased Premises after the Effective Date (or prior to the Effective Date if due to the negligence or willful misconduct of Lessee or any person under the control of Lessee to the extent resulting in material harm to an Indemnitee); or

iii. Any activity or omission of activity carried on or undertaken on or off the Leased Premises, on or after the Effective Date (or prior to the Effective Date if due to the negligence or willful misconduct of Lessee or any employees, agents, contractors or subcontractors of Lessee to the extent resulting in material harm to an Indemnitee), and whether by Lessee or any employees, agents, contractors or subcontractors of Lessee or any successor in title that is related to Lessee occupying or present on the Leased Premises, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials located or present on or under the Leased Premises. Lessee's indemnity obligations as they pertain to activities occurring off the Leased Premises shall only extend to activities performed by or arising from activities performed by Lessee or any employees, agents, contractors or subcontractors of Lessee.

The foregoing indemnity shall further apply to any residual contamination on or under the Leased Premises, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Lease, and shall remain in full force and effect. This indemnity obligation shall not extend to any claim arising from the Authority's or any indemnitee's negligence or willful misconduct.

ii. No Limitation.

Lessee hereby acknowledges and agrees that Lessee's duties, obligations and liabilities under this Lease, including, without limitation, under Section 9.2 above, are in no way limited or otherwise affected by any information the Authority may have concerning the Leased Premises and/or the presence on the Leased Premises of any Hazardous Materials, whether the Authority obtained such information from Lessee or from its own investigations, except to the extent the Authority's knowledge prior to the Effective Date and failure to act on such knowledge constituted negligence or willful misconduct on the part of the Authority.

jj. As-Is Conveyance.

This Lease is made "AS IS," with no warranties or representations by the Authority concerning the condition of the Leased Premises, including the presence or absence of any Hazardous Materials, except as set forth in Section 9.5, below. Lessee hereby agrees and acknowledges that except in the event of any fraud, misrepresentation, or withholding of information by the Authority: (i) neither the Authority, nor anyone acting for or on behalf of the Authority, has made any representation, statement, warranty or promise to Lessee concerning the development potential or condition of the Leased Premises except as set forth in Section 9.5 below; and (ii) in entering into this Lease, Lessee has not relied on any representation, statement or warranty of the Authority, or anyone acting for or on behalf of the Authority, other than as may expressly be contained in writing in this Lease; and (iii) THAT LESSEE IS LEASING THE LEASED PREMISES, IN AN "AS IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR.

kk. Authority Representations. Except as set forth in Exhibit D:

i. The Authority has not received any information that Hazardous Materials exist on the Leased Premises in violation of Hazardous Materials Laws, nor has the Authority received any information indicating that there are any Hazardous Materials Claims with respect to the Leased Premises.

ii. General Release. Subject to Section 9.3 and 9.4, above, Lessee and its owners, employees, agents, assigns and successors agree that upon the Effective Date, Lessee shall be deemed conclusively to have released and discharged the Authority and its agents, employees, trustees, assigns and successors, from any and all damages, losses, demands, claims, debts, liabilities, obligations, causes of action and rights, whether known or unknown, by Lessee regarding the Leased Premises, including, but not limited to, the environmental condition of the Leased Premises.

iii. Waiver of Civil Code § 1542. Lessee agrees that, with respect to the General Release contained in Section 9.5(b) above, the General Release extends to all matters regarding the Leased Premises, whether or not claimed or suspected, to and including the date of execution hereof, and constitutes a waiver of each and all the provisions of the California Civil Code § 1542, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Lessee herein acknowledges that the effect and import of the provisions of Civil Code § 1542 have been explained to it by its own counsel. Lessee understands and acknowledges the significance and the consequence of such specific waiver of unknown claims and hereby assumes full responsibility for any injuries, damages, losses or liabilities that it may hereinafter incur from the waiver of these unknown claims.

LIENS

ll. Liens and Encumbrances Against Lessee's Interest in the Leasehold Estate.

Lessee shall have a right to encumber the Leasehold Estate or the Improvements with approved leasehold deeds of trust, mortgages, and regulatory agreements or with any other liens or encumbrances with the written approval of the Authority.

INSURANCE

mm. Required Insurance Coverage.

i. Fire and Extended Coverage Endorsement. Lessee shall during the Lease Term keep the Leased Premises insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the replacement value of the Leased Premises, or, should insurance in such amount not be reasonably and commercially available, or the cost of such insurance shall not be commercially reasonable given Lessee's net income, such lesser amount as may be reasonably acceptable to the Authority. The amount of such insurance shall be adjusted by reappraisal of the Improvements by the insurer or its designee at least once every five (5) years during the Lease Term, if requested by the Authority. If an all risk policy insuring the full replacement value of the Leased Premises is not reasonably and commercially available, Lessee shall use best efforts to obtain and maintain an extended coverage endorsement that ensures the full replacement value of the Leased Premises as soon as such coverage becomes commercially and reasonably available, subject to the approval of the Authority.

ii. Liability and Property Damage Insurance. During the Lease Term, Lessee shall keep in full force and effect a policy or policies of comprehensive general liability and property damage insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Leased Premises. The limits of such insurance shall be not less than Three Million Dollars (\$3,000,000) combined single limit for bodily injury and property damage. The limits of the insurance shall be adjusted once every five (5) years if and as reasonably required by the Authority.

iii. Workers' Compensation Insurance. Lessee shall carry or cause to be carried workers' compensation insurance covering all persons employed in connection with the Leased Premises and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against the Authority or Lessee.

iv. Builders' Risk Insurance. During the course of any alteration, construction or reconstruction, the cost of which exceeds Two Hundred Fifty Thousand Dollars (\$250,000), Lessee shall require any contractor to provide builders' risk insurance for not less than Five Million Dollars (\$5,000,000) combined single limit for bodily injury or property damage insuring the interests of the Authority, Lessee and any contractors and subcontractors.

nn. Insurance Policies and Premiums.

i. All liability policies required by this Lease shall name the Authority as an additional insured. Duplicate copies of such policies or certificates of such insurance shall be promptly furnished to the Authority.

ii. To the extent obtainable, any policy of insurance shall provide that any change or cancellation of said policy must be made in writing and sent to Lessee and the Authority at their respective principal offices at least thirty (30) days before the effective date of change or cancellation.

1. It is the Lessee's responsibility to notify the Agency of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, the Lessee shall notify the Agency within forty eight (48) hours of such cancellation or non-renewal.

____ Lessee's Initials

2. Lessee is in material breach of this Lease for so long as Lessee fails to maintain all of the required insurance. Authority has the right, but not the obligation, to pay any delinquent insurance premiums and any other charges to reinstate or maintain the required insurance policies and coverage. Upon Authority's demand, Lessee must immediately reimburse Authority for any and all costs incurred by Authority in so obtaining or maintaining insurance.

oo. Proceeds of Insurance.

All insurance proceeds received under the policies set forth in this Article 11 shall be paid to Lessee, provided that Lessee shall apply such proceeds, to the extent possible, for reconstruction or repair in a manner consistent with the provisions of Section 13.1.

pp. Limitation of Liability.

i. Lessee shall indemnify and hold harmless the Authority, its officers, commissioners, employees, agents, contractors, servants, and directors from all claims, actions, demands, costs, expenses and reasonable attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by any act or omission of Lessee, its agents, contractors, servants, employees, or invitees, arising from or relating to operation of the Leased Premises.

ii. The Authority shall indemnify and hold harmless Lessee, its officers, employees, agents, contractors, servants, directors, members or partners from all claims, actions, demands, costs, expenses and reasonable attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by any act or omission of the Authority, its agents, contractors, servants, employees, or invitees, arising from or relating to operation of the Leased Premises.

CONDEMNATION

qq. Termination of Lease.

The Authority and Lessee agree that, in the event of a Taking such that Lessee reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then-current use, then, subject to the rights of Leasehold Mortgagees, this Lease shall, at Lessee's sole option, terminate as of the Taking Date.

rr. Continuation of Lease and Presumption of Restoration.

The Authority and Lessee agree that, in the event of Taking that does not result in the termination of this Lease pursuant to Section 12.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises, and the Net Condemnation Award will be disbursed in accordance with Section 12.4 below to Lessee and/or any Leasehold Mortgagee, if the terms of the applicable Leasehold Mortgage so require, and shall be used so as to make the same as complete, unified and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking, subject to any applicable requirements of the Leasehold Mortgagee.

ss. Temporary Taking.

If there shall be a temporary Taking with respect to all or any part of the Leased Premises or of Lessee's interest in this Lease, then the Term shall not be reduced and Lessee shall continue to pay in full all Rents, taxes and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary Taking.

tt. Apportionment of Award.

If there is a Taking, whether whole or partial, the Authority and Lessee shall be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings, or as may be otherwise agreed, taking into consideration the fact that the Authority's interest in the Leased Premises is limited to the land (exclusive of the Improvements, as encumbered by this Lease), and a reversionary interest in the Leased Premises upon the expiration of the Term. If the Leased Premises shall be restored as in contemplated in Section 12.2 above, Lessee shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award. Thereafter, if the condemning authority does not make separate awards, the Parties agree that any Net Condemnation Award will be allocated on a proportionate basis. If the Parties are unable to agree as to the exact amount of such allocation, and the Parties are unable to agree as to amounts that are to be allocated to the respective interest of each Party, then each Party shall select an independent M.A.I. real estate appraiser (an "Appraiser"). Each Appraiser shall separately determine the amount of the balance of the Net Condemnation Award that is to be allocated to the interests of each Party. If the percentage of the balance of the Net Condemnation Award each Appraiser allocates to the Authority (a) are within ten percent (10%) of each other, the two allocations shall be averaged, and such average shall be the final allocation of the Net Condemnation Award, or (b) are not within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently allocate the Net Condemnation Award between the Authority and Lessee, and the middle of such three allocations shall be the final allocation of the Net Condemnation Award.

uu. Joinder.

If a Leasehold Mortgage exists, the Leasehold Mortgagees, to the extent permitted by law, shall be made a party to any Taking proceeding.

DAMAGE OR DESTRUCTION

vv. Damage or Destruction to Leased Premises.

Lessee shall give prompt written notice to the Authority after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Leased Premises, the Improvements or any portion thereof (hereinafter sometimes referred to as "Casualty"). Subject to Section 13.2 below, if during the Term the Improvements shall be damaged or destroyed by Casualty, Lessee shall repair or restore the Improvements, so long as Lessee determines, after consultation and approval by the Authority, that it is feasible to do so and in such event Lessee provides or causes to be provided sufficient additional funds which, when added to such insurance proceeds, will fully effect such repair or restoration. Upon the occurrence of any such Casualty, Lessee, promptly and with all due diligence, shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty, for the benefit of the Leasehold Mortgagees, if any. In the event that Lessee shall determine, subject to the rights of any Leasehold Mortgagees, by notice to the Authority given within thirty (30) days after receipt by Lessee of any such insurance proceeds, that it is not economically practical to restore the Leased Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Lessee may terminate this Lease as of a date that is not fewer than thirty (30) days after the date of such notice. If Lessee terminates this Lease pursuant to this Section 13.1, Lessee immediately shall surrender possession to the Authority of that part of the Leased Premises determined not economically feasible to restore and assign to the Authority (or, if same has already been received by Lessee, pay to the Authority) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Leasehold Mortgagee therein, as referenced in Section 13.3 below.

ww. Damage or Destruction Near End of Term.

If, during the last year of the Term, the Improvements shall be damaged by Casualty, then Lessee shall have the option, to be exercised within one hundred twenty (120) days after such Casualty:

- i. to repair or restore the Improvements as hereinabove provided in this Article 13; or
- ii. subject to the rights of Leasehold Mortgagees, to terminate this Lease by notice to the Authority, which termination shall be deemed to be effective as of the date of Casualty. If Lessee terminates this Lease pursuant to this Section 13.2, Lessee shall surrender possession of the Leased Premises to the Authority immediately and assign to the Authority (or, if same has already been received by Lessee, pay to the Authority) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Leasehold Mortgagee therein, as referenced in Section 13.3 below.

xx. Distribution of Insurance Proceeds.

In the event that this Lease is terminated pursuant to Sections 13.1 or 13.2 hereof, the insurance proceeds received as the result of such Casualty shall be distributed as follows: (a) first, if a Leasehold Mortgage is in place to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagee; (b) second, the balance, if any, of such insurance proceeds shall be paid to Lessee or, as applicable pursuant to Sections 13.1 and 13.2 above, assigned or paid over to the Authority.

PARTICULAR COVENANTS

yy. Non-Discrimination.

i. Lessee or its designee shall not, in the selection or approval of Tenant Households or provision of services or in any other matter, discriminate against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation or gender identity, marital status, disability, national origin, ancestry, language proficiency, source of income, or that the prospective tenant is receiving rental assistance pursuant to the HUD Housing Choice Voucher Program or any other rental assistance program. In addition, Lessee covenants by and for Lessee and Lessee's successors, assigns and all persons claiming under or through Lessee that this Lease is made subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation or gender identity, marital status, disability, national origin, ancestry, language proficiency, source of income or that the Tenant Household is receiving rental assistance pursuant to the HUD Housing Choice Voucher Program or any other rental assistance program in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Units, nor shall Lessee or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Tenant Households, lessees, sublessees, subtenants or vendees on the Leased Premises.

ii. The Authority shall be entitled to invoke any remedies available at law or in equity to redress any breach of these subsections or to compel compliance therewith by Lessee. The Authority shall be entitled to invoke any remedies available at law or in equity to redress any breach of this Article 13 or to compel compliance therewith by Lessee.

ASSURANCES OF THE AUTHORITY

zz. The Authority to Give Peaceful Possession.

The Authority covenants that it owns in fee simple, and that it has good and marketable title to the Leased Premises and that the Leased Premises are free of all liens, encumbrances, easements, covenants, conditions, and restrictions except for those exceptions specifically approved in writing by Lessee. The Authority covenants and warrants that Lessee and its tenants shall have, hold and enjoy, during the Lease Term, peaceful, quiet, and undisputed possession of the Leased Premises without hindrance from anyone so long as Lessee is not in default under this Lease.

aaa. Release of the Authority.

The Authority may sell, assign, transfer, or convey all or any part of the Authority's interest in the Leased Premises, reversionary interest in the Improvements or this Lease without obtaining Lessee's consent, provided that the purchaser, assignee, or transferee expressly assumes all of the obligations of the Authority under this Lease by a written instrument in a form reasonably satisfactory to the Authority. In the event the Authority intends to sell all or any part of the Leased Premises, the Authority shall notify Lessee and all Tenant Households of such intention not later than sixty (60) days before the approval of such sale is scheduled for approval by the Authority Commission. In the event of a sale, assignment, transfer, or conveyance by the Authority of the Leased Premises or its rights under this Lease, the same shall operate to release the Authority from any liability arising on or after the effective date of such transfer upon any of the covenants or conditions of this Lease, expressed or implied, in favor of Lessee, and in such event Lessee shall look solely to the successor in interest of the Authority in and to the Site or this Lease. Provided, however, Lessee may terminate this Lease if, after notice of the Authority's intent to sell, assign, transfer or convey any part of the Leased Premises, within thirty (30) days of receipt of such notice, it declares its intention to terminate in writing to the Authority. This Lease shall not be affected by any such sale, and Lessee agrees to attorn to any such purchaser or assignee.

ADDITIONAL HUD PROVISIONS

Notwithstanding any provisions in this Lease to the contrary, the following provisions shall prevail:

- (a) The Leased Premises shall only be used for the specific purposes outlined in the HUD Use Agreement and the HUD Disposition Approval; namely, that the Units shall continue to be affordable to and occupied by households having incomes no greater than eighty percent (80%) of AMI for thirty (30) years from the Effective Date;
- (b) The Leased Premises shall be leased solely to Lessee and no subsequent assignment, sublease, transfer or encumbrance of the Property shall be permitted without the prior written approval of HUD, with the exception of the transfer of Winfield Hill, Inc.'s membership and management of the General Partner to SHARP or a nonprofit affiliate of SHARP at the conclusion of the rehabilitation as evidenced by the final equity contribution of the investor limited partner, and subject to the notice and cure provisions provided in this Lease regarding the rights and obligations of the lenders and investors as described in Section 18, below.
- (c) The Lessee shall use and operate the Leased Premises in accordance with the HUD Disposition Approval during the Lease Term, including the duration of any extensions;
- (d) The terms of this Lease shall not be materially modified, amended, supplemented or revised, nor subordinated to any lien, charge or encumbrance upon the Property without the prior written approval of the Secretary of HUD;
- (e) If Lessee fails to correct a violation under the HUD Use Agreement or HUD Disposition Approval, in the time periods set forth in Section 17.1(a), such failure shall be an Event of Default under this Lease.
- (f) If the Lessee fails to use and operate the Leased Premises in accordance with the HUD Use Agreement or HUD Disposition Approval at any time during the Lease Term, following the notice and cure period provided for in the default provisions of Section 17.1, this Lease shall terminate and, subject to the rights of

Leasehold Mortgagees as set forth in Article 18, below, all of Lessee's interest in the Leased Premises shall revert to the Authority; and

(g) If Lessee's interest in the Leased Premises and the Improvements is transferred during the term of the HUD Use Permit, any transferee shall expressly assume the HUD Use Agreement.

DEFAULTS AND REMEDIES

bbb. Events of Default; Remedy of Default by Lessee.

i. Any one or more of the following events shall constitute an "Event of Default":

1. Failure to pay rent when due, or any other payment required hereunder, and continuance of such failure for a period of thirty (30) days after receipt by Lessee of written notice specifying the non-payment; or

2. Failure of Lessee to observe and perform any covenant, condition, or agreement hereunder on its part to be performed, including, but not limited to failure to use and operate the Leased Premises as provided in the HUD Disposition Approval, and (i) continuance of such failure for a period of ninety (90) days after receipt by Lessee of written notice specifying the nature of such default, or (ii) if by reason of the nature of such default the same cannot be remedied within said ninety (90) days, Lessee fails to proceed with reasonable diligence after receipt of said notice to cure the same; or

3. A general assignment by Lessee for the benefit of creditors; or

4. The filing of a voluntary petition by Lessee, or the filing of an involuntary petition by any of Lessee's creditors seeking the rehabilitation, liquidation, or reorganization of Lessee under any law relating to bankruptcy, insolvency, or other relief of debtors, provided that in the case of an involuntary petition Lessee shall have one hundred twenty (120) days to cause such petition to be withdrawn or dismissed; or

5. The appointment of a receiver or other custodian to take possession of substantially all of Lessee's assets or of this leasehold which appointment is not withdrawn or dismissed within one hundred twenty (120) days; or

6. Lessee declares it is unwilling to pay its debts as they become due; or any court enters a decree or order directing the winding up or liquidation of Lessee or of substantially all of its assets; or Lessee takes any action toward the dissolution or winding up of its affairs or the cessation or suspension of its use of the Leased Premises; or

7. Attachment, execution, or other judicial seizure of substantially all of Lessee's assets or this leasehold, which is not dismissed, bonded, or stayed within ninety (90) days.

ii. Whenever any default shall have occurred and be continuing and upon expiration of any applicable cure periods provided herein, the Authority may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants of Lessee under this Lease, including without limitation, termination of this Lease. In the event of such default, the Authority's remedies shall be cumulative, and no remedy expressly provided for in this Section shall be deemed to exclude any other remedy allowed by law.

ccc. Remedy of Material Breach by the Authority.

If the Authority defaults under the Lease, Lessee shall give the Authority written notice requiring that the default be remedied by the Authority. If the default is not cured within the time set forth by Lessee (which shall be a reasonable time for curing the default and shall in any event be at least thirty (30) days), Lessee may take any action as may be necessary to protect its interests. Such action, in the event that the Authority shall fail to perform any of its obligations under this Lease and such failure shall continue after the expiration of the cure period specified in this Section, shall include the right of Lessee to cure such default and receive any reimbursement of expenditure with interest thereon from the Authority within thirty (30) days after sending to the Authority a statement therefor.

PERMITTED MORTGAGES AND INVESTOR RIGHTS

ddd. Right to Encumber.

Lessee shall have the right during the Term to encumber, through a Leasehold Mortgage pursuant to the Approved Financing and the Regulatory Agreements, all of Lessee's right, title and interest in the Leased Premises, subject to the provisions of this Lease; provided, however, that any Leasehold Mortgage shall be in all respects be subordinate and inferior to Authority's right, title and interest in the Leased Premises and such Leasehold Mortgage shall be subject to all of the rights and obligations of Authority herein contained in this Lease, except as otherwise provided in this Lease. For purposes of this Lease, Authority and Lessee acknowledge and agree that the bond trustee for the benefit of Bank of America, N.A., along with their respective successors and assigns ("Senior Leasehold Mortgagee"), is a permitted Leasehold Mortgagee and all references to a "Leasehold Mortgagee" shall specifically include Senior Leasehold Mortgagee. All references to a Leasehold Mortgage shall include that certain Construction Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of even date herewith, made by Lessee for the benefit of Senior Leasehold Mortgagee. For so long as any Leasehold Mortgage is outstanding, Authority shall not agree to any mutual termination or accept any surrender of this Lease without the prior written consent of the holders of Leasehold Mortgages then in effect. Notwithstanding anything to the contrary contained herein, a Leasehold Mortgagee shall be deemed to be a third party beneficiary of this Lease.

eee. Notice to Leasehold Mortgagee.

During any period in which a Leasehold Mortgage is in place, Authority shall give any such Leasehold Mortgagee of which Authority has received notice from Lessee a duplicate copy of all notices of default or other notices that Authority may give to or serve in writing upon Lessee pursuant to the terms of this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon written notice delivered to Authority in the manner specified in Section 20.2 below. Authority's failure to give any such notice to any such Leasehold Mortgagee shall not render such notice ineffective, nor shall any such failure constitute an Event of Default hereunder; provided, however, that Authority shall not exercise any remedies under Section 17 of this Lease unless such notice has been provided and Leasehold Mortgagee has been provided the opportunity to cure the default as provided in Section 18.3 below.

fff. Right of Leasehold Mortgagee to Cure.

Notwithstanding any default by Lessee under this Lease, Authority shall have no right to terminate this Lease unless Authority shall have given each Leasehold Mortgagee written notice of such default and such

Leasehold Mortgagees shall have failed to remedy such default or acquire Lessee's leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by, this Section.

Any Leasehold Mortgagee which has an outstanding Leasehold Mortgage shall have the right, but not the obligation, at any time to pay any or all of the rental due pursuant to the terms of this Lease, and do any other act or thing required of Lessee by the terms of this Lease, to prevent termination of this Lease. Each Leasehold Mortgagee shall have one hundred twenty (120) days after receipt of notice from Authority describing such default to cure the default. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by Lessee instead of by Leasehold Mortgagees.

In addition to the cure period provided in this Section 18.3 above, if the default is such that possession of the Property may be reasonably necessary to remedy the default, any Leasehold Mortgagee shall have a reasonable time after the expiration of such one hundred twenty (120) period within which to remedy such default, provided that (i) such Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease, other than Prior Indemnity Obligations, within such one hundred twenty (120) day period and shall continue to pay currently such monetary obligations when the same are due and (ii) such Leasehold Mortgagee shall have acquired Lessee's leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

Any default under this Lease which by its nature cannot be remedied by any Leasehold Mortgagee and all Prior Indemnity Obligations shall be deemed to be remedied if (i) within one hundred twenty (120) days after receiving written notice from Authority describing the default, or prior thereto, any Leasehold Mortgagee shall have acquired Lessee's leasehold estate or commenced foreclosure or other appropriate proceedings, (ii) Leasehold Mortgagee shall diligently prosecute any such proceedings to completion, (iii) Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee hereunder (other than the Prior Indemnity Obligations) which does not require possession of the Leased Premises, and (iv) after gaining possession of the Leased Premises, the Leasehold Mortgagee shall cure within a reasonable time all non-monetary defaults of Lessee hereunder capable of cure by Leasehold Mortgagee.

As used herein, "Prior Indemnity Obligations" means all monetary obligations arising from the acts or inactions of Lessee prior to the date that the holder of a Leasehold Mortgage obtains possession of the Project by foreclosure, deed in lieu of foreclosure, or a new lease pursuant to Section 18.7, below.

If any Leasehold Mortgagee is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that any Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease and shall continue to pay currently such monetary obligations when the same fall due; provided, further, that such Leasehold Mortgagee shall not interfere with Authority's efforts to seek compliance by the Lessee with any non-monetary obligation under this Lease.

ggg. Limitation on Liability of Leasehold Mortgagee.

No Leasehold Mortgagee shall be or become liable to Authority as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Authority and Leasehold Mortgagee such liability (in which event the Leasehold Mortgagee's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such

Leasehold Mortgage or other instrument or from a conveyance from Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Lessee under the terms of this Lease.

hhh. Estoppel Certificates.

Authority and Lessee agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other Party, or upon request from any Leasehold Mortgagee or Investor or a permitted assignee or other interested party, Authority or Lessee will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee or Investor a statement in writing certifying (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set off, defense or other claim against Authority or Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Authority, Lessee or any Leasehold Mortgagee or Investor, as the case may be, in this Lease or by any prospective Leasehold Mortgagee or Investor or permitted assignee of any Leasehold Mortgage or Investor.

iii. Registration of Leasehold Mortgages.

Upon written request by Authority, Lessee shall provide written notice to Authority of the name and address of each Leasehold Mortgagee under this Lease.

jjj. New Lease.

In the event of the termination of this Lease prior to the natural expiration of the Term of this Lease due to a default of Lessee or operation of law (except by eminent domain) or upon a foreclosure of Lessee's estate by a Leasehold Mortgagee or acceptance of a deed in lieu of foreclosure, Authority, upon written request from any Leasehold Mortgagee, shall enter into a new lease with such holder or its designee in accordance with and upon the same terms and conditions as set forth herein. In this regard, in the event of the filing of a petition in bankruptcy by the Lessee, and the Lessee rejects this Lease under the then applicable provisions of the Bankruptcy Code, Authority shall, upon the request of a Leasehold Mortgagee, affirm this Lease, and Authority will enter into a new lease on the same terms and conditions set forth herein with such holder or its designee immediately upon Lessee's rejection of this Lease. In the event of the filing of a petition in bankruptcy by the Authority, and the Authority rejects this Lease and the Lessee does not affirm it, a Leasehold Mortgagee will have the authority to affirm this Lease on behalf of the Lessee and to keep the Lease in full force and effect. If more than one Leasehold Mortgagee requests such New Lease, the most senior Leasehold Mortgagee shall be provided the New Lease.

kkk. Rights of Investor.

The Investor (and any limited partner of Lessee) shall have the same rights hereunder, including notice and cure rights, as any Leasehold Mortgagee for so long as it is a limited partner of Lessee. The address for any notices to same, as of the date hereof, is provided in Section 20.2, hereof.

MISCELLANEOUS

lll. Instrument is Entire Agreement; Amendment.

This Lease and the attached Exhibits constitute the entire agreement between the Parties with respect to the matters set forth herein. This Lease shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and Lessee relating to the lease of the Leased Premises by the Authority to Lessee. This Lease may not be amended except by a written agreement between the Authority and Lessee.

mmm. Notices.

All notices hereunder shall be in writing signed by Authorized Officer(s) and shall be sufficient if sent by United States first class, certified mail, postage prepaid, or express delivery service with a receipt showing the date of delivery, addressed:

if to the Authority
Housing Authority of the City of Sacramento
801- 12th Street, 6th Floor
Sacramento, CA 95814
Attention: Executive Director

if to Lessee prior to the final investor limited partner equity payment
:
Washington Plaza Housing Associates, L.P.
345 Spear Street, Suite 700
San Francisco, CA 94105

And
SHARP
801 12th Street 4th Floor
Sacramento, CA 95814

If to Lessee after the final investor limited partner equity payment

Washington Plaza Housing Associates, L.P.
801 12th Street, 4th Floor
Sacramento, CA 95814

with a copy to: Merritt Community Capital Corporation
1970 Broadway, Suite 250
Oakland, California 94612
Attention: Bernard T. Deasy

with a copy to: Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95401
Attention: Richard W. Power, Esq.

If to Bank: Bank of America, N.A.
CA4-70202-29
2001 Clayton Road, 2nd Floor
Concord, CA 94520
Attention: Loan Administration Manager

With copy to: Paul Hastings LLP
515 South Flower Street, Twenty-Fifth Floor
Los Angeles, CA 90071
Atten: Ken Krug, Partner

or any other address as either Party may have furnished to the other in writing pursuant to the requirements of this Section 20.2 as a place for service of notice. Any notice so given shall be deemed to have been given upon the delivery date or the date that proper delivery is refused by the addressee, or the item is returned undeliverable, as shown on the delivery receipt.

A. Non-Waiver of Breach.

Neither the failure of the Authority or Lessee to insist upon strict performance of any of the covenants and agreements of this Lease nor the failure by the Authority or Lessee to exercise any rights or remedies granted to such Parties under the terms of this Lease shall be deemed a waiver or relinquishment (a) of any covenant herein contained or of any of the rights or remedies of Lessee or the Authority hereunder, (b) of the right in the future of the Authority or Lessee to insist upon and to enforce by any appropriate legal remedy a strict compliance with all of the covenants and conditions thereof, or (c) the right of the Authority to recover possession of the Leased Premises.

nnn. Effective Date; Counterparts.

This Lease shall become effective upon the commencement of the Lease Term set forth in Article 2. This Lease may be executed in counterparts, each of which shall be an original and all of which shall constitute the same instrument.

ooo. Lease Binding on Successors.

This Lease and all of its provisions and attached Exhibits shall inure to the benefit of, and shall be binding upon, the Authority, Lessee, and their respective permitted successors and permitted assigns. The Authority and Lessee intend, declare and covenant, on behalf of themselves and all successors and assigns during the Lease Term,

that the provisions of this Lease shall be and are covenants running with the land, encumbering the Leased Premises for the Lease Term and binding upon the Authority's successors in title and all successors and assigns of the Leased Premises, and shall bind the Lessee (and the benefits shall inure to the Lessee, the Authority, and any past, present or prospective Tenant Household) and its respective successors and assigns during the Lease Term. The Authority and Lessee hereby agree that any and all requirements of the laws of the State of California to be satisfied in order for the terms of this Lease to constitute covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Leased Premises land.

ppp. Relationship of Parties.

Nothing contained in this Lease shall be deemed or construed by the Parties or by any third Party to create the relationship of principal or agent or of partnership, joint venture or association or of buyer and seller between the Authority and Lessee, it being expressly understood and agreed that neither the computation of any payments and other charges under the terms of this Lease nor any other provisions contained in this Lease, nor any act or acts of the Parties, shall be deemed to create any relationship between the Authority and Lessee other than the relationship of the Authority and tenant.

qqq. No Merger.

There shall be no merger of this Lease or any interest in this Lease nor of the Leasehold Estate created hereby, with the fee estate in the Site, by reason of the fact that this Lease or such interest therein, or such leasehold estate may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Site, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a leasehold mortgage to a leasehold mortgagee who shall hold the fee estate in the Site or any interest of the Authority under this Lease.

rrr. Gender and Number.

Words of any gender used in this Lease shall be held to include any other gender, and any words in the singular number shall be held to include the plural (and vice versa), when the sense requires.

sss. Titles.

The titles and article or paragraph headings are inserted only for convenience, and are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provisions to which they refer.

ttt. Severability.

If any provision of this Lease or the application of any provision to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

uuu. Applicable Law.

This Lease shall be governed by and construed in accordance with the laws of the State of California.

vvv. Non-recourse to Lessee.

Neither Lessee nor any of its partners, officers, principals, members, trustees, affiliates, directors, employees, contractors, agents, representatives, subtenants, licensees, or invitees (each, including Lessee, a "Lessee Indemnified Party" and collectively, the "Lessee Indemnified Parties") shall in any event or at any time be personally liable for the payment or performance of any obligation required or permitted of Lessee under this Lease. In the event of any actual or alleged failure, breach or default by Lessee under this Lease or any such documents, the sole recourse of the Authority shall be against Lessee's right, title and interest in and to the Leased Premises and the Improvements. No attachment, execution, writ, or other process shall be sought or obtained, and no judicial proceeding shall be initiated by or on behalf of the Authority, against any Lessee Indemnified Party personally as a result of any such failure, breach, or default. In no event shall Lessee or any other Lessee Indemnified Party have any liability for any loss of profits, business interruptions and/or consequential damages of the Authority.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Lease effective as of the day and year first above written.

AUTHORITY:

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

By: _____
La Shelle Dozier, Executive Director

LESSEE:

WASHINGTON PLAZA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Washington Plaza Housing Associations LLC,
a California limited liability company, its general partner

By: Winfield Hill, Inc.,
a California public nonprofit public benefit corporation
Its managing member

By: _____

By: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation

A member

By: _____
James Shields, President

Exhibit A
Leased Premises

**ACQUISITION LOAN AGREEMENT
(SELLER CARRY-BACK LOAN FOR IMPROVEMENTS)
WASHINGTON PLAZA**

ARTICLE I TERMS AND DEFINITIONS:

“EFFECTIVE DATE”	December , 2013	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 Loan 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 Loan		
“LENDER”	The following public agency that is making the Loan, 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, City of Sacramento, Sacramento County, California 95814	
“BORROWER”	The borrower of the Loan funds whose name, legal status and address are:	
Name	Washington Plaza Housing Associates, L.P.	
Legal Status	A California limited partnership	
Principal Address	345 Spear Street, Suite 700, San Francisco, California 94105	
“LOAN”	The Loan made by this Loan Agreement.	
“LOAN COMMITMENT”	Lender’s loan commitment, made by letter dated as of	September 10, 2013
“LOAN PROGRAM”	Lender’s Loan Program, commonly known as	n/a as this is a “seller carry-back” loan
“LOAN AMOUNT”	Five Million Four Hundred Fifty-Eight thousand Dollars (\$5,458,000)	
“INTEREST RATE”	The annual interest rate is the Applicable Federal Rate at cost of escrow date, interest to compound annually.	
“MATURITY DATE”	The first day of the 660 th calendar month following the Effective Date.	
“PAYMENT START DATE”	Commencing May 1, 2016 from Residual Receipts from the previous calendar year, annual payments of interest and principal shall be due in arrears subject to review of annual audited financial statement as described in the Promissory Note for Improvements.	
“PAYMENT SCHEDULE”	Annual payments of Residual Receipts in accordance with the Promissory Note for Improvements (Note). The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges.	
“BORROWER EQUITY”	Seven Million Six Hundred Thousand Dollars and No Cents(\$7,600,000.00)	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
“SPECIAL TERMS”	Principal and interest due in full upon refinance, sale or end of Term.	

Exhibit C: Carryback Loan Agreement

B. "Collateral" The Collateral securing repayment of the Loan, which Collateral consists of the following:

"PROPERTY"	Property includes the leasehold estate in the underlying land, which is the subject of a separate ground lease all located at 1318 E Street, Sacramento, CA and the fee in the improvements and supporting constructed infrastructure situated upon the land:	
Address	1318 E Street, Sacramento, California	
Assessor's Parcel Number	002-0124-006-000; 002-0124-00600-0000; and, 2-0124-008-0000	
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit: Legal Description attached and incorporated by reference.	
Borrower's Title Interest	Borrower has fee interest in the Improvements of upon Property or, if the Additional Escrow Instructions so indicate, Borrower will acquire fee interest in the Improvements at Close of Escrow.	

C. "ESCROW INFORMATION":

"Title Company" and "Escrow Agent"	Placer Title Company Cindy Perez	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"	December , 2013	Which is the date for close of the Escrow, as it may be extended

D. "List of Exhibits" (THE FOLLOWING ARE ATTACHED AND INCORPORATED IN THIS LOAN AGREEMENT):

EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	"Legal Description"
<u>Exhibit 2: Note Form</u>	"Note"
<u>Exhibit 3: Trust Deed Form</u>	"Trust Deed"
<u>Exhibit 4: Escrow Instructions</u>	"Escrow Instructions"
<u>Exhibit 5: The HUD Use Agreement</u>	"HUD Use Agreement"
<u>Exhibit 6: Scope of Development</u>	"Scope of Development"

E. "Approval Documents" BORROWER SHALL SUBMIT THE FOLLOWING DOCUMENTS FOR LENDER APPROVAL

Construction Agreements for the Project
Architectural Agreement for the Project
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws
Budget for the operation of the Property, including capital improvements and operating reserve account
Evidence of construction financing
Budget for the operation of the Property, including capital improvements and operating reserve account

F. "Assigned Documents" Borrower assigns the following documents to Lender

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.

This Loan is made pursuant to the Disposition and Development Agreement by and between Borrower and the Housing Authority of the City of Sacramento dated _____, 2013 (the "DDA"). This Loan Agreement is subject to the DDA

including without limitation, conditions precedent to funding the 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 for Property acquisition costs.

Subject to Lender's written approval, Borrower shall obtain and maintain for the life of the Loan a property management agreement with a duly accredited real estate property management company for the management of the Property. Lender shall have the right to review and approve or reject any proposed changes to scope of said agreement and to changes in the real estate property management company prior to making such changes. Any such changes made without Lender approval shall be a default of the loan. The Lender hereby approves Housing Authority of the City of Sacramento as the Property's property manager.

Borrower may elect to close the Loan in advance of closing of the Bank of America, N.A loan, provided that the loan meets all requirements of this Loan Agreement. Lender shall subordinate this Loan to the Bank of America, N.A loan, provided that the Bank of America, N.A loan does not require modification of this Loan Agreement or Lender's entering into any agreements containing new or modified Loan terms, and with respect to the HUD Use Agreement, beyond the terms of the HUD Use Agreement as attached hereto as Exhibit 5.

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

BORROWER : WASHINGTON PLAZA HOUSING ASSOCIATES, L.P., a California limited partnership

AGENCY: HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

By: Washington Plaza Housing Associations LLC, a California limited liability company, its general partner

By: _____
LaShelle Dozier, Executive Director

By: Winfield Hill, Inc., a California public nonprofit public benefit corporation its managing member

Approved as to form:

Agency Counsel

By: _____
Name: _____
Its: _____

By: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation
a member

By: _____
James Shields, President

Approved as to form:

Borrower 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 Trust Deed. 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 the SHRA loan, Bank loan and AHP.

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

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

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

1.17. "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.

1.18. "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.

1.19. "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.

1.20. "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.

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

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.

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

2.10. CONSTRUCTION QUALITY. 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 the Note executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of the Note is secured by the Trust Deed covering the Property. 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 is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

3.5. HUD USE AGREEMENT. The imposing covenants, conditions and restrictions running with the land is required by the DDA and is a material consideration for the making of this Loan. Borrower shall execute prior to

Close of Escrow and deliver it to Escrow for recordation. Said Use Agreement shall be and remain senior in position to any and all liens against the land fee or the leasehold interest of the improvement.

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

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

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 Approved 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 promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date.

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. 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 unfiled 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.

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, 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.

8.1.6. Notwithstanding anything to the contrary herein or in the Loan Documents, Lender agrees that in no event shall it declare an event of default or seek any remedy with respect to the Loan or the Loan Documents during the 15-Year tax credit compliance period under Internal Revenue Code Section 42 applicable to the Property until Lender has consulted with the tax credit limited partner or so long as any affiliate of Lender or any party related to Lender holds any equity interest, directly or indirectly, in Borrower.

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-V II 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 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.

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

11.7. NOTICES. Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above, as well as to those Parties listed in the definition of "Additional Notices" in the Trust Deed by one or more of the following methods. Lender shall give copies of notices required to be delivered to Borrower to those Parties listed in the definition of "Additional Notices" in the Trust Deed provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party.

(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

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

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

11.9. ASSIGNMENT. The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property or any Personalty or Fixtures now or later on the Property without the prior written consent of Lender or as otherwise permitted under the DDA. Lender may at any time assign the Loan Documents to any affiliate of Lender or to a national bank or other equivalent lender, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender,

including, without limitation, the right to further assign the Loan Documents. In addition, Lender may at any time assign a participation in the Loan to any other party, provided that Lender continues to be primarily obligated under this Loan Agreement.

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

11.11. BORROWER, LENDER RELATIONSHIP. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower.

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

11.13. CONSENTS AND APPROVALS. All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing, and Lender shall not unreasonably withhold consent and approval delay in reviewing and approving or disapproving any consents and waivers. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

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

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

11.16. LOAN EXPENSES. Borrower agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.

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

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

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

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

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

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

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

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

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

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

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

11.28. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. Person means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

Exhibit 1: Legal Description

Exhibit 2: Note Form

PROMISSORY NOTE
FOR WASHINGTON PLAZA APARTMENTS
SELLER CARRY-BACK LOAN FOR IMPROVEMENTS

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

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

DEFINED TERM:	DEFINITION:
“Effective Date”	
“Lender”	Housing Authority of the City of Sacramento
“Borrower”	Washington Plaza Housing Associates, L.P.
“Borrower Legal Status”	A California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	Five Million Four Hundred Fifty-Eight Thousand Dollars and No Cents (\$5,458,000.00)
/157“Interest Rate”	The interest rate on the outstanding balance shall be set at the Applicable Federal Rate for long-term loans, as published by the U.S. Internal Revenue Service (IRC 1274(d)) as of the date of Close of Escrow. Interest to compound annually.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: Date of ownership transfer to Borrower.
“Special Terms”	
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
“Maturity Date”	The first day of the 660 calendar month following the Effective Date.

<p>“Payment Start Date”</p>	<p>Commencing May 1, 2016, annual payments of interest and principal shall be due in arrears subject to review of the annual audited financial statement. Annual payments of interest and principal shall be due in an amount equal to the Residual Receipts remaining, if any, after payment of all operating expenses and priority payments as further described below. All unpaid principal and interest amounts due but not payable shall accrue under the Note. All payments shall be applied first to accrued interest and thereafter to principal. All outstanding principal and interest is due and payable on the maturity date.</p> <ol style="list-style-type: none"> a. Residual Receipts is defined as the Net Income remaining in the period as stated in the annual audited financial statement after payment of all approved operating expenses and priority payments due in the period as further described below. b. Priority Payments are defined as replacement reserve deposits, operating reserve deposits (if any), bond payments, LP and GP asset management fee payments, deferred developer fee payments (if any), and guaranty reimbursements (if any) due in the period. c. Operating Expenses shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including a property management fee initially, i.e., during the first year of operations after construction completion and closing of this Loan, of approximately Forty-Thousand Dollars (\$40,000.00) beginning in 2014 and increasing by three percent (3.0%) annually thereafter; taxes and assessments; payroll, benefits and payroll taxes of for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. d. Revenue means all revenue from the leasing of the of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants’ security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves. e. Net Income is defined as periodic Revenue less Operating Expenses and all approved priority payments. <p>Such payments are based upon “Residual Receipts,” meaning Revenue reduced by the following: (a) Operating Expenses; (b) deposits into operating and/or replacement reserves maintained by the Borrower; (c) debt service and fees on the Senior Loan and reserve deposits required under the Senior Loan; (d) asset management fee up to Five Thousand Dollars (\$5,000) beginning in 2014, and thereafter increasing by three percent (3.0%) annually; and (e) partnership management fee up to Twenty Thousand Dollars (\$20,000) beginning in 2014 increasing by three percent (3.0%) annually thereafter.</p>		
<p>“Payment Amount(s)”</p>	<p>Annual Residual Receipts remaining as described above. The unpaid balance of the Loan, including without limitation principal and interest, shall be all due and payable on the Maturity Date, including without limitation all unpaid principal, interest (if any) , fees and charges.</p> <table border="1" data-bbox="410 1644 1435 1675"> <tr> <td data-bbox="410 1644 922 1675"> <p>Month 660th</p> </td> <td data-bbox="930 1644 1435 1675"> <p>Principal and accrued interest due in full</p> </td> </tr> </table>	<p>Month 660th</p>	<p>Principal and accrued interest due in full</p>
<p>Month 660th</p>	<p>Principal and accrued interest due in full</p>		

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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under a loan agreement between Borrower and Lender dated as of the Loan Date ("Loan Agreement"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement ("Regulatory Agreement"), the making of which is further consideration for this Note.

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

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

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

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

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

- a. Borrower defaults in the payment of any principal or interest when due and fails to cure within 10 (ten) days.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
- c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.
- d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, the Regulatory Agreement or this Note and Borrower fails to cure within 30 days after receipt of notice, provided, however, that if such cure cannot reasonably be effected within such 30 day period, such failure shall not be a default so long as Borrower promptly (and in any event, within ten (10) days after receipt of such notice) commences such cure and thereafter diligently (and in any event, within ninety (90) days after receipt of such notice) prosecutes such cure to completion. Any limited partner of Borrower is entitled to the notice and cure provisions set forth in Section 16 of the Trust Deed.
- e. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.
- f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.
- g. The occurrence of any of the following:
 - 1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.
 - 2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower which are not stayed within 90 days.
 - 3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower which are not stayed within 90 days.

7. Any limited partner of Borrower is entitled to the notice and cure provisions set forth in Section 16 of the Trust Deed.

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

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

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

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

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

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

Borrower:
WASHINGTON PLAZA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Washington Plaza Housing Associations LLC,
a California limited liability company, its general partner

By: Winfield Hill, Inc.,
a California public nonprofit public benefit corporation
Its managing member

BY: _____

Name: _____

Its: _____

BY: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation
a member

BY: _____
James Shields, President

Exhibit 3

NO FEE DOCUMENT:
 Entitled to free recording
 per Government Code 27383.

When recorded, return to:
 SACRAMENTO HOUSING AND
 REDEVELOPMENT AGENCY
 801 12th Street
 Sacramento, CA 95814
 Attention: Steve Lierly

DEED OF TRUST AND ASSIGNMENT OF RENTS

Washington Plaza Apartments (For Improvements)

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

TERM	DEFINITION	
“Effective Date”		
“Trustor” and “Borrower”	Washington Plaza Housing Associates, L.P., limited partnership	
“Borrower Address”	345 Spear Street, Suite 700, San Francisco, California 94105	
“Trustee”	Placer Title Company	
“Beneficiary” and “Lender”	Housing Authority of the City of Sacramento, a public body, corporate and politic	
“Lender Address”	801 12th Street, Sacramento, California 95814	
“Property”	Which consists of the Improvements and leasehold estate in real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.	
	Address	1318 E Street, Sacramento, California 95814
	Assessor’s Parcel Numbers	002-0124-006, 002-0124-007, 002-0124-008
“Legal Description”	The Legal Description of the Property which is more particularly described in the attached Exhibit 1 Legal Description , which is incorporated in and an integral part of this Deed of Trust	
“Loan”	Which is Lender’s loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.	
“Loan Agreement”	Which is the Seller Carry-Back Loan Agreement between Lender and Borrower stating the term and conditions of the Loan.	
	Which is dated:	September 10, 2013
“Additional Notices”	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	

	<p>c/o Merritt Community Capital Corporation 1970 Broadway, Suite 250 Oakland, California 94612 Attention: Bernard T. Deasy</p> <p>with a copy to:</p> <p>Carle, Mackie, Power & Ross LLP 100 B Street, Suite 400 Santa Rosa, CA 95401 Attention: Richard W. Power, Esq.</p> <p>Bank of America, N.A. CA4-70202-29 2001 Clayton Road, 2nd Floor Concord, CA 94520 Attention: Loan Administration Manager</p>			
<p>"Note"</p>	<p>Which is Borrower's note made in accordance with the Loan Agreement securing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender, with interest.</p> <table border="1" data-bbox="402 919 1443 982"> <tr> <td data-bbox="402 919 808 982"> <p>Which has a principal sum of</p> </td> <td data-bbox="808 919 1443 982"> <p>Five Million Four Hundred Fifty-Eight Thousand Dollars and No Cents (\$5,458,000.00)</p> </td> </tr> </table>		<p>Which has a principal sum of</p>	<p>Five Million Four Hundred Fifty-Eight Thousand Dollars and No Cents (\$5,458,000.00)</p>
<p>Which has a principal sum of</p>	<p>Five Million Four Hundred Fifty-Eight Thousand Dollars and No Cents (\$5,458,000.00)</p>			

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

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

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

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

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

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note and thereafter to the unpaid principal of the Note.
2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust. Provided, however, Borrower shall have the right to contest such amount in good faith provided that Borrower causes any such lien to be released from the Property by the posting of a bond or by other appropriate means.
3. Hazard Insurance. Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to Borrower's operation of the Property. Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

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

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

4. Liability Insurance. In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.
5. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.
6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedant, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

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

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

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

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

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

9. Borrower Not Released. Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

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

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

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

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

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

15. Acceleration on Transfer or Refinancing of the Property; Assumption. Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold or transferred or refinanced by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note. Lender's prior approval is not required for (1) the sale or transfer of the Limited Partner's interest to one or more of the other partners that currently comprise the Borrower's entity, (2) the admission of the Limited Partner or its affiliate to the

Borrower and the transfer of its interest to an affiliate thereof so long as the general partner, or managing member, of the transferor, or an affiliate thereof, is the general partner, or managing member of the transferee, or partner; however, Borrower is obligated to notify Lender within 30 days from the date of such sale or transfer, (3) the removal of the general partner of the Borrower by the Limited Partner for a default under Borrower's partnership agreement, provided that any replacement general partner is approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

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

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property) or Loan Agreement, Lender shall mail notice to Borrower and the Limited Partner specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, and the Limited Partner by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law, provided, however, that if such cure cannot reasonably be effected within such 30 day period, such failure shall not be a default so long as Borrower promptly (and in any event, within ten (10) days after receipt of such notice) commences such cure and thereafter diligently (and in any event, within ninety (90) days after receipt of such notice) prosecutes such cure to completion. The Limited Partner is entitled to cure any defaults on behalf of the Borrower within the same specified time periods; said cure periods shall not extend statutory periods and times for notice and commencement of foreclosure; provided, however, that if, in order to cure any such default the Limited Partner must first remove a general partner of Borrower, then, provided that the Limited Partner notifies Lender of such removal and removes such general partner within a reasonable period, then the Limited Partner shall have until the date 30 days after the effective date of such removal to effect such cure. In any event, such cure process shall not exceed 120 days. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees.

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

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

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

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

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

19. Nonrecourse. Notwithstanding any provision of this Deed of Trust or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan and Lender's sole recourse is to the collateral secured by this Deed of Trust.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.

21. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.

22. Request for Notice. Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.

23. Statement of Obligation. Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.

24. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.

25. Extended Use Agreement. In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by the Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender agrees to comply with all the following rule contained in Section 42(h)(6)(E)(ii) of the Code shall apply: For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

BORROWER (Trustor):

WASHINGTON PLAZA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Washington Plaza Housing Associations LLC,
a California limited liability company, its general partner

By: Winfield Hill, Inc.,
a California public nonprofit public benefit corporation
Its managing member

BY: _____

Name: _____

Its: _____

By: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation

a member

BY: _____
James Shields, President

[NOTARIZED ACKNOWLEDGEMENTS]

Exhibit 4: Escrow Instructions

**JOINT ESCROW INSTRUCTIONS
FOR AGENCY LOAN**

“Effective Date”	
------------------	--

Agency and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the Agency loan secured by the Property.

ARTICLE I. GENERAL TERMS.

1. **GENERAL.** These Escrow Instructions, in addition to items listed below includes Article II General Provisions, which is attached to and incorporated in this Regulatory Agreement by this reference.

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

“Title Company”	Address:		
“Escrow” with Title Company	Escrow Number:	Attention:	
“Agency”	Address:	801 – 12 th Street, Sacramento, CA 95814	
	Attention:		
“Borrower”	Address:		
“Closing Date”	Attention:		
“Property”	Address:	APN:	
Description of the transaction			

“Recorded Documents”- The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.	Documents:	Marked for return to:
	1.	1.
“Agency Items”	Promissory Note for subject loan	
	Loan Agreement for the subject loan	
“Borrower Items”		

“Special Provisions”:

“Agency Title Policy” in the form of an ALTA Agency’s Policy insuring that the following are valid liens against the property:	Documents:	Coverage amount:	
	Regulatory Agreement and Trust Deed	In the amount of the loan secured (\$ _____)	
The title policies shall be subject only to the following “Conditions of Title”:	Items 1-17 of Title Company’s Preliminary Report for the Escrow	Dated:	
		Number:	

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

BORROWER:

AGENCY:

By: _____
 Name:
 Title:

By: _____
 Name:
 Title:

ARTICLE II. INSTRUCTIONS

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

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

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

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

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

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

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

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

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

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

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

13.3.1. Assure fulfillment of the Special Provisions;

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

complete them;

13.3.3. Obtain full execution of all unexecuted documents;

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

13.3.5. Record the Recorded Documents in the priority listed;

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

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

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

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

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

///////

ACCEPTANCE OF ESCROW INSTRUCTIONS

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

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

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

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

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

Dated: _____

TITLE COMPANY

By: _____

Name: _____

Title: _____

Its authorized agent and signatory

Exhibit 5: HUD Use Agreement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the City of Sacramento, California
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

NO FEE REQUIRED
PER GOVERNMENT CODE SECTION 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

USE AGREEMENT

This Use Agreement (this "**Agreement**") dated as of November __, 2013, is by and between the HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, CALIFORNIA, a public body, corporate and politic organized under the laws of the state of California ("**PHA**"), with a mailing address of 801 12th Street, Sacramento, CA 95814, Attention: Executive Director and WASHINGTON PLAZA HOUSING ASSOCIATES, L.P., a California limited partnership ("**Lessee**"), with an address of _____, Sacramento, CA _____, Attention: Executive Director.

RECITALS

WHEREAS, PHA owned and operated 76 dwelling units in one (1) dwelling building formerly known as Washington Plaza on 0.45 acres of underlying land, as more particularly described in the attached Exhibit A (the "**Disposition Property**"), as low-rent public housing with financial assistance provided by HUD under the U.S. Housing Act of 1937, as amended, 42 U.S.C. 1437 et. seq. (the "**Act**");

WHEREAS, PHA is the fee owner of the Disposition Property;

WHEREAS, PHA has requested HUD approval of the ground lease of the Disposition Property and the sale of the improvements located thereon to Lessee, and HUD, as documented in that certain letter from HUD to PHA dated October __, 2013 (the "**Approval Letter**") attached hereto as Exhibit B and incorporated herein, agreed to such ground lease and sale on the terms and conditions set forth in (i) the Approval Letter, (ii) that certain Disposition Agreement dated as of November __, 2013, between HUD, PHA and the Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation (the "**Disposition Agreement**") and (iii) this Agreement, including, without limitation, the condition that seventy-five (75) dwelling units on the Disposition Property ("**Required Units**") are operated exclusively as housing units for families whose incomes do not exceed 80% of the area median income (the "**Use Requirement**") for a period of not less than thirty (30) years from the date this Agreement is recorded in the official records of the county where the Disposition Property is located (the "**Restricted Period**");

WHEREAS, PHA has entered into that certain ground lease of even date herewith with Lessee for the Disposition Property, a memorandum of which will be recorded against the Disposition Property concurrently herewith; and

WHEREAS, as a condition of the Approval Letter, the parties are obligated to enter into this Use Agreement on the terms and conditions hereinafter provided.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, each of which is incorporated herein by reference, and the promises and covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Lessee, for itself and for its successors and assigns, hereby covenants and agrees to develop, operate and maintain the Required Units in strict conformance with the Use Requirement for the duration of the Restricted Period.

2. The following will not constitute a breach of the Use Requirement:

a. It shall not constitute a breach of the Use Requirement if one or more of the Required Units are left vacant for a period (i) while one tenant is moving out and before another has moved in, (ii) while waiting for a new qualifying tenant in the event there are none immediately available to move in after the previous qualifying tenant vacates, or (iii) while the unit is being renovated or repaired.

b. In the event one or more of the Required Units are damaged or destroyed by fire or other casualty, cessation of the use of the unit or units in conformance with the Use Requirement during the period of repairs or reconstruction shall not constitute a breach of the Use Requirement; provided (i) Lessee uses commercially reasonable efforts to cause the units to be repaired or restored to substantially the same condition as existed prior to the event causing damage or destruction, (ii) the units are actually repaired or restored within eighteen (18) months after the date of the casualty, or such longer period as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned, or delayed, and (iii) the units are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

c. In the event one or more of the Required Units are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**"), or if any other portion of the property in which one or more Required Units are located, which property is necessary for a tenant's occupancy of a Required Unit, has been subject to a Taking, cessation of the use of a unit or units in conformance with the Use Requirement resulting from a Taking shall not constitute a breach of the Use Requirement; provided (i) Lessee applies funds received as a result of the Taking of the Restricted Unit(s) for the acquisition and development of other residential units that will be operated in accordance with the Use Requirement, (ii) the new units are acquired or developed within two years after the date of the Taking, or such longer period as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned or delayed, and (iii) the new units are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

3. In the event the Use Requirement ceases to be satisfied prior to the expiration of the Restricted Period:

a. PHA shall give written notice of the failure to Lessee (a "**Notice of Violation**"), which Lessee shall have one hundred twenty (120) days to cure. PHA agrees to give to (i) the beneficiary of any deed of trust encumbering the Disposition Property, and its successors or assigns (a "**Holder**") and (ii) the one or more special limited partners and investor limited partners of Lessee, and their successors or assigns (the "**Special and Investor Limited Partners**") (collectively, the "**Project Financiers**"), a written copy of any Notice of Violation

that PHA may give to Lessee under this Agreement. No notice or demand under this Agreement shall be effective unless a copy of such notice is given to the Project Financiers. Any Notice of Violation shall describe the violation of the Agreement with reasonable detail. Project Financiers shall have the right, but not the obligation, to cure any breach or default within one hundred twenty (120) days after receipt of such notice.

b. If a Notice of Violation is incapable of being cured within such one hundred twenty (120) day period, each Project Financier shall have such additional time as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned or delayed, to cure such violation. Any cure tendered by a Project Financier shall be accepted by the PHA or HUD as if tendered by the Lessee.

c. Any notice, pursuant to this Agreement, given to the Project Financiers hereunder shall be sent to the addresses set forth below or to such additional Special or Investor Limited Partners who record a request to receive notice and provide a mailing address to which the notice shall be sent under this Agreement:

Holder: Bank of America, N.A.
CA4-70202-29
2001 Clayton Road, 2nd Floor
Concord, CA 94520
Attention: Loan Administration Manager

ILP: Merritt Community Capital Fund XVI, L.P.
c/o Merritt Community Capital Corporation
1970 Broadway, Suite 250
Oakland, California 94612
Attention: Bernard T. Deasy

Special Limited Partner: May be designated in the future by notice to the PHA

d. If, after written Notice of a Violation has been provided as required by this Agreement, the failure is not corrected to the satisfaction of PHA within the prescribed amount of time, PHA may declare a default under this Agreement (an "**Event of Default**") without further notice. In case of an Event of Default, to the extent permitted by applicable law, PHA shall have the right to seek specific performance of the Use Requirement and/or to enjoin any violation of the Use Requirement in a court of competent jurisdiction. The right to specific performance and injunction shall be in addition to all other remedies available under statute, at law and in equity.

4. "PHA" means the Housing Authority of the City of Sacramento, California, a public body corporate and politic organized under the laws of the State of California and/or its successors and assigns. No party other than PHA shall exercise the rights and privileges reserved herein to PHA unless such party shall receive and record in the official records of the

County where the Disposition Property is located a written assignment of all or a portion of such rights, privileges and obligations.

5. Recordation of this Agreement shall constitute the agreement by Lessee, for its successors and assigns, to be bound by and to comply with the restrictions set forth in this Agreement. The benefits and burdens of this Agreement touch and concern and run with the land and are binding upon and shall inure to the benefit of the respective successors and assigns of the parties to this Agreement. Wherever the term "Lessee" is used herein such term shall be construed to include Lessee's successors and assigns in title to the Disposition Property.

6. Upon the expiration of the Restricted Period, the Use Requirement shall cease and terminate and the Disposition Property shall be deemed released of the Use Requirement and this Agreement without the requirement of any further writing between the parties. Notwithstanding the foregoing, upon expiration of the Restricted Period, PHA agrees to execute and deliver to Lessee such documents as Lessee shall reasonably request releasing and confirming the release of the Use Requirement and this Agreement from title to the Disposition Property and clearing title to the Disposition Property from any cloud created by the Use Requirement or this Agreement.

7. All notices under this Agreement shall be in writing and shall be served by (a) personal service or receipted courier service, (b) by registered or certified first class mail, return receipt requested, or (c) nationally-recognized overnight delivery service, addressed to PHA or Lessee, as appropriate, at the addresses for such parties set forth in the initial paragraph of this Agreement and with a courtesy copy provided to HUD at 600 Harrison Street, Third Floor, San Francisco, CA, 94107. Any notice or other communication sent pursuant to clause (a) hereof shall be deemed received upon such personal service, if sent pursuant to clause (b) shall be deemed received five (5) days following deposit in the mail and/or if sent pursuant to clause (c) shall be deemed received the next succeeding business day following deposit with such nationally recognized overnight delivery service. Either party may change its address by notice given in accordance with this Section 7.

8. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

9. This Agreement may be executed in any number of original counterparts, all of which evidence only one agreement, and only one of which need be produced for any purpose.

10. The terms and provisions of this Agreement shall be construed and enforced in accordance with the laws of the State of California.

11. Lessee shall reimburse PHA for all reasonable attorneys' fees and expenses reasonably incurred by PHA in connection with the enforcement of PHA's rights under this Agreement, including, but not limited to, all such fees and expenses for trial, appellate proceedings, out-of-court workouts, mediation, and settlements and for enforcement of rights under any state or federal statute, including, but not limited to, all such fees and costs relating to bankruptcy and insolvency proceedings such as in connection with seeking relief from stay in a

bankruptcy proceeding or negotiating and documenting any amendment or modification of this Agreement.

12. Notwithstanding anything to the contrary set forth in Section 5 above, in no event shall the Holder or any other purchaser at foreclosure have any liability for sums due and payable under this Agreement prior to its acquisition of title to the Disposition Property.

13. Notwithstanding anything to the contrary set forth in this Agreement, this Agreement shall extend to and be binding upon Holder only in the event and after Holder acquires ownership of the Disposition Property.

[This space intentionally left blank.]

IN WITNESS WHEREOF, by their duly authorized signatures below, the Parties hereto enter into this Agreement as of the date first above written.

PHA:

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

By: _____
La Shelle Dozier, Executive Director

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LESSEE:

WASHINGTON PLAZA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Winfield Hill, Inc., a California public nonprofit public benefit corporation its managing member

BY: _____

Name: _____
Its: _____

By: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation
a member

By: _____
James Shields, President

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A
LEGAL DESCRIPTION OF DISPOSITION PROPERTY**

The land referred to in this Report is situated in the County of Sacramento, City of Sacramento, State of California, and is described as follows:

APN:

**EXHIBIT B
APPROVAL LETTER**

Exhibit 5: HUD Use Agreement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the City of Sacramento, California
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

NO FEE REQUIRED
PER GOVERNMENT CODE SECTION 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

USE AGREEMENT

This Use Agreement (this "**Agreement**") dated as of November __, 2013, is by and between the HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, CALIFORNIA, a public body, corporate and politic organized under the laws of the state of California ("**PHA**"), with a mailing address of 801 12th Street, Sacramento, CA 95814, Attention: Executive Director and WASHINGTON PLAZA HOUSING ASSOCIATES, L.P., a California limited partnership ("**Lessee**"), with an address of _____, Sacramento, CA _____, Attention: Executive Director.

RECITALS

WHEREAS, PHA owned and operated 76 dwelling units in one (1) dwelling building formerly known as Washington Plaza on 0.45 acres of underlying land, as more particularly described in the attached Exhibit A(the "**Disposition Property**"), as low-rent public housing with financial assistance provided by HUD under the U.S. Housing Act of 1937, as amended, 42 U.S.C. 1437 et. seq. (the "**Act**");

WHEREAS, PHA is the fee owner of the Disposition Property;

WHEREAS, PHA has requested HUD approval of the ground lease of the Disposition Property and the sale of the improvements located thereon to Lessee, and HUD, as documented in that certain letter from HUD to PHA dated October __, 2013 (the "**Approval Letter**") attached hereto as Exhibit B and incorporated herein, agreed to such ground lease and sale on the terms and conditions set forth in (i) the Approval Letter, (ii) that certain Disposition Agreement dated as of November __, 2013, between HUD, PHA and the Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation (the "**Disposition Agreement**") and (iii) this Agreement, including, without limitation, the condition that seventy-five (75) dwelling units on the Disposition Property ("**Required Units**") are operated exclusively as housing units for families whose incomes do not exceed 80% of the area median income (the "**Use Requirement**") for a period of not less than thirty (30) years from the date this Agreement is recorded in the official records of the county where the Disposition Property is located (the "**Restricted Period**");

WHEREAS, PHA has entered into that certain ground lease of even date herewith with Lessee for the Disposition Property, a memorandum of which will be recorded against the Disposition Property concurrently herewith; and

WHEREAS, as a condition of the Approval Letter, the parties are obligated to enter into this Use Agreement on the terms and conditions hereinafter provided.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, each of which is incorporated herein by reference, and the promises and covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

14. Lessee, for itself and for its successors and assigns, hereby covenants and agrees to develop, operate and maintain the Required Units in strict conformance with the Use Requirement for the duration of the Restricted Period.

15. The following will not constitute a breach of the Use Requirement:

a. It shall not constitute a breach of the Use Requirement if one or more of the Required Units are left vacant for a period (i) while one tenant is moving out and before another has moved in, (ii) while waiting for a new qualifying tenant in the event there are none immediately available to move in after the previous qualifying tenant vacates, or (iii) while the unit is being renovated or repaired.

b. In the event one or more of the Required Units are damaged or destroyed by fire or other casualty, cessation of the use of the unit or units in conformance with the Use Requirement during the period of repairs or reconstruction shall not constitute a breach of the Use Requirement; provided (i) Lessee uses commercially reasonable efforts to cause the units to be repaired or restored to substantially the same condition as existed prior to the event causing damage or destruction, (ii) the units are actually repaired or restored within eighteen (18) months after the date of the casualty, or such longer period as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned, or delayed, and (iii) the units are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

c. In the event one or more of the Required Units are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking"), or if any other portion of the property in which one or more Required Units are located, which property is necessary for a tenant's occupancy of a Required Unit, has been subject to a Taking, cessation of the use of a unit or units in conformance with the Use Requirement resulting from a Taking shall not constitute a breach of the Use Requirement; provided (i) Lessee applies funds received as a result of the Taking of the Restricted Unit(s) for the acquisition and development of other residential units that will be operated in accordance with the Use Requirement, (ii) the new units are acquired or developed within two years after the date of the Taking, or such longer period as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned or delayed, and (iii) the new units are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

16. In the event the Use Requirement ceases to be satisfied prior to the expiration of the Restricted Period:

a. PHA shall give written notice of the failure to Lessee (a "**Notice of Violation**"), which Lessee shall have one hundred twenty (120) days to cure. PHA agrees to give to (i) the beneficiary of any deed of trust encumbering the Disposition Property, and its successors or assigns (a "**Holder**") and (ii) the one or more special limited partners and investor limited partners of Lessee, and their successors or assigns (the "**Special and Investor Limited Partners**") (collectively, the "**Project Financiers**"), a written copy of any Notice of Violation

that PHA may give to Lessee under this Agreement. No notice or demand under this Agreement shall be effective unless a copy of such notice is given to the Project Financiers. Any Notice of Violation shall describe the violation of the Agreement with reasonable detail. Project Financiers shall have the right, but not the obligation, to cure any breach or default within one hundred twenty (120) days after receipt of such notice.

b. If a Notice of Violation is incapable of being cured within such one hundred twenty (120) day period, each Project Financier shall have such additional time as may be approved by HUD in writing, such approval not to be unreasonably withheld, conditioned or delayed, to cure such violation. Any cure tendered by a Project Financier shall be accepted by the PHA or HUD as if tendered by the Lessee.

c. Any notice, pursuant to this Agreement, given to the Project Financiers hereunder shall be sent to the addresses set forth below or to such additional Special or Investor Limited Partners who record a request to receive notice and provide a mailing address to which the notice shall be sent under this Agreement:

Holder: Bank of America, N.A.
CA4-70202-29
2001 Clayton Road, 2nd Floor
Concord, CA 94520
Attention: Loan Administration Manager

ILP: Merritt Community Capital Fund XVI, L.P.
c/o Merritt Community Capital Corporation
1970 Broadway, Suite 250
Oakland, California 94612
Attention: Bernard T. Deasy

Special Limited Partner: May be designated in the future by notice to the PHA

d. If, after written Notice of a Violation has been provided as required by this Agreement, the failure is not corrected to the satisfaction of PHA within the prescribed amount of time, PHA may declare a default under this Agreement (an "Event of Default") without further notice. In case of an Event of Default, to the extent permitted by applicable law, PHA shall have the right to seek specific performance of the Use Requirement and/or to enjoin any violation of the Use Requirement in a court of competent jurisdiction. The right to specific performance and injunction shall be in addition to all other remedies available under statute, at law and in equity.

17. "PHA" means the Housing Authority of the City of Sacramento, California, a public body corporate and politic organized under the laws of the State of California and/or its successors and assigns. No party other than PHA shall exercise the rights and privileges reserved herein to PHA unless such party shall receive and record in the official records of the

County where the Disposition Property is located a written assignment of all or a portion of such rights, privileges and obligations.

18. Recordation of this Agreement shall constitute the agreement by Lessee, for its successors and assigns, to be bound by and to comply with the restrictions set forth in this Agreement. The benefits and burdens of this Agreement touch and concern and run with the land and are binding upon and shall inure to the benefit of the respective successors and assigns of the parties to this Agreement. Wherever the term "Lessee" is used herein such term shall be construed to include Lessee's successors and assigns in title to the Disposition Property.

19. Upon the expiration of the Restricted Period, the Use Requirement shall cease and terminate and the Disposition Property shall be deemed released of the Use Requirement and this Agreement without the requirement of any further writing between the parties. Notwithstanding the foregoing, upon expiration of the Restricted Period, PHA agrees to execute and deliver to Lessee such documents as Lessee shall reasonably request releasing and confirming the release of the Use Requirement and this Agreement from title to the Disposition Property and clearing title to the Disposition Property from any cloud created by the Use Requirement or this Agreement.

20. All notices under this Agreement shall be in writing and shall be served by (a) personal service or receipted courier service, (b) by registered or certified first class mail, return receipt requested, or (c) nationally-recognized overnight delivery service, addressed to PHA or Lessee, as appropriate, at the addresses for such parties set forth in the initial paragraph of this Agreement and with a courtesy copy provided to HUD at 600 Harrison Street, Third Floor, San Francisco, CA, 94107. Any notice or other communication sent pursuant to clause (a) hereof shall be deemed received upon such personal service, if sent pursuant to clause (b) shall be deemed received five (5) days following deposit in the mail and/or if sent pursuant to clause (c) shall be deemed received the next succeeding business day following deposit with such nationally recognized overnight delivery service. Either party may change its address by notice given in accordance with this Section 7.

21. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

22. This Agreement may be executed in any number of original counterparts, all of which evidence only one agreement, and only one of which need be produced for any purpose.

23. The terms and provisions of this Agreement shall be construed and enforced in accordance with the laws of the State of California.

24. Lessee shall reimburse PHA for all reasonable attorneys' fees and expenses reasonably incurred by PHA in connection with the enforcement of PHA's rights under this Agreement, including, but not limited to, all such fees and expenses for trial, appellate proceedings, out-of-court workouts, mediation, and settlements and for enforcement of rights under any state or federal statute, including, but not limited to, all such fees and costs relating to bankruptcy and insolvency proceedings such as in connection with seeking relief from stay in a

bankruptcy proceeding or negotiating and documenting any amendment or modification of this Agreement.

25. Notwithstanding anything to the contrary set forth in Section 5 above, in no event shall the Holder or any other purchaser at foreclosure have any liability for sums due and payable under this Agreement prior to its acquisition of title to the Disposition Property.

26. Notwithstanding anything to the contrary set forth in this Agreement, this Agreement shall extend to and be binding upon Holder only in the event and after Holder acquires ownership of the Disposition Property.

[This space intentionally left blank.]

IN WITNESS WHEREOF, by their duly authorized signatures below, the Parties hereto enter into this Agreement as of the date first above written.

PHA:

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

By: _____
La Shelle Dozier, Executive Director

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LESSEE:

WASHINGTON PLAZA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Winfield Hill, Inc., a California public nonprofit public benefit corporation its managing member

By: _____

Name: _____

Its: _____

By: Sacramento Housing Authority Repositioning Program, Inc.
a California nonprofit public benefit corporation
a member

By: _____
James Shields, President

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2013, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A
LEGAL DESCRIPTION OF DISPOSITION PROPERTY**

The land referred to in this Report is situated in the County of Sacramento, City of Sacramento, State of California, and is described as follows:

APN:

**EXHIBIT B
APPROVAL LETTER**

Exhibit 6: Scope of Development