



INVESTING IN COMMUNITIES

NOTICE OF MEETING
**Sacramento Housing and Redevelopment
Commission**

Wednesday, August 1, 2012 - 6:00 p.m.
801 12th Street, Sacramento, Commission Room

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – July 18, 2012

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

PUBLIC HEARING

3. Approval of interim lease agreement between the Housing Authority of the City of Sacramento (Acting as Successor Housing Agency) and the Fortune School of Education
4. Declaration Of Surplus Property; Approval Of The Disposition Of Housing Authority Owned Real Property Located 3867 Bainbridge Drive, North Highlands, CA

BUSINESS

5. Approval of Tax Exempt Bonds and Loan Assumption for Taylor Terrace Apartments

WORKSHOP

6. Sacramento Housing and Redevelopment Agency Budget – Revenue Overview

EXECUTIVE DIRECTORS REPORT

Activities Calendar

**ITEMS AND QUESTIONS OF
COMMISSION MEMBERS**

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review.

Assistance for the Disabled: Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.

SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC) July 18, 2012

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Josh Rosa.

PRESENT: Chan, Gore, Johnson, Morgan, Morton, Rosa, Shah, Stivers

ABSENT: Alcalay, LeDuc

STAFF PRESENT: Vickie Smith, Tia Patterson, LaShelle Dozier, Nick Chhotu, Chris Pahule, Jim Shields

APPROVAL OF AGENDA

Approved as presented.

1. APPROVAL OF ACTION SUMMARY SYNOPSIS

Action Summary Synopsis for June 20, 2012 was approved.

2. CITIZEN COMMENTS

none

BUSINESS ITEM

3. Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Public Housing Sites

Chris Pahule presented the item.

Barbara Stanton from the Sacramento Residents Advisory Board and Tyrone Buckley from the Sacramento Housing Alliance spoke and expressed concerns about the proposal that it did not adequately allow for resident participation.

Commission members asked a variety of questions about the proposal and many expressed concerns about the timeline, the perception that a developer was already selected, relocations issues, and how developer would be selected.

After additional discussion and consultation with Agency Counsel about the motion, Commissioner Stivers made a motion to support staff releasing a Request of Qualifications (RFQ) with the following amendments: 1) the timeline for issuing the RFQ be extended to maximize the amount of resident and public participation, 2) the

RFQ require extensive resident participation after a developer is selected during the period of exclusive negotiations, and 3) require one-for-one replacement for any loss in public housing units with a preference for the replacement housing to be constructed on site. Commissioner Morton seconded the motion. The votes were as follows:

AYES: Chan, Gore, Morton, Rosa, Shah, Stivers

NOES: Morgan

ABSENT: Alcalay, Le Duc

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Activities calendar
- Next Commission meeting will be August 1st

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None

ADJOURNMENT

As there was no further business to be conducted, Chair Rosa adjourned the meeting at 7:05 p.m.

AGENCY CLERK



**REPORT TO HOUSING AUTHORITY
acting as**

**Successor Housing Agency to the
Redevelopment Agency of the
City of Sacramento**

**915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Consent
August 21, 2012**

Honorable Chair and Members of the Housing Authority Board

Title: Approval of interim lease agreement between the Housing Authority of the City of Sacramento (Acting as Successor Housing Agency) and the Fortune School of Education

Location/Council District: 4501 9th Avenue, District 5

Recommendation: Adopt a **Housing Authority Resolution**, Acting as the Successor Housing Agency to the Redevelopment Agency of the City of Sacramento, authorizing the Executive Director, or her designee, to execute a lease for one year with three optional renewals for property located at 4501 9th Avenue with the Fortune Charter School.

Contact: Chris Pahule, Program Manager, 440-1350; Craig Locke, Management Analyst, 449-6273

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue:

In 2011, the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of all redevelopment agencies. On January 31, 2012, the Sacramento City Council designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency. These assets include real property, such as the vacant lot at 4501 9th Avenue. The Housing Authority is responsible for maintaining all assets until they are sold or developed for low to moderate income housing uses.

Lease agreement between the Housing Authority and the Fortune School of Education

The Fortune School of Education (Fortune School) is leasing the adjacent building for K-8 instruction and requires space for outdoor recreation and education. The Fortune School has approached the Housing Authority to use the property for outdoor recreation for their students. In return they will maintain and secure the parcel during the term of the lease.

Policy Considerations: No new policies are being recommended in this report.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action to execute a lease is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.

National Environmental Policy Act (NEPA): There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: N/A

Other: None

Commission Action: At its meeting on August 1, 2012, the Sacramento Housing and Redevelopment Commission conducted a public hearing considering the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation:

It is currently not feasible for the Housing Authority to either dispose of or cause the development of housing at 4501 9th Avenue. Therefore, this report recommends an interim lease with the Fortune School which provides economic benefit to the Housing Authority as it requires the tenant to secure, maintain and insure the property preserving it as an asset until the appropriate disposition or housing development becomes feasible. No permanent structures will be constructed during the course of this interim lease.

Lease agreement between the Housing Authority and the Fortune School of Education

The interim lease is also a benefit to the community. The Fortune School will open the William Lee College Prep charter school in the adjacent building on September 5, 2012. A primary goal of the school is to close the achievement gap for African American students. The school will be open to all students and will not discriminate against any student on any basis. It will begin with grades kindergarten through fourth grade, adding a grade per year. To provide the students with a space for outdoor recreation and physical education, the Fortune School will use 4501 9th Avenue.

Financial Considerations: Consideration for the interim lease shall be the securing, maintenance of and insuring of the property. There will be no monetary charge.

M/WBE Considerations: The activities recommended in this staff report do not involve federal funding, therefore, there are no M/WBE requirements.

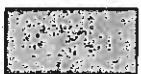
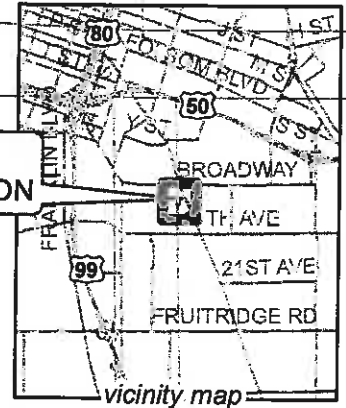
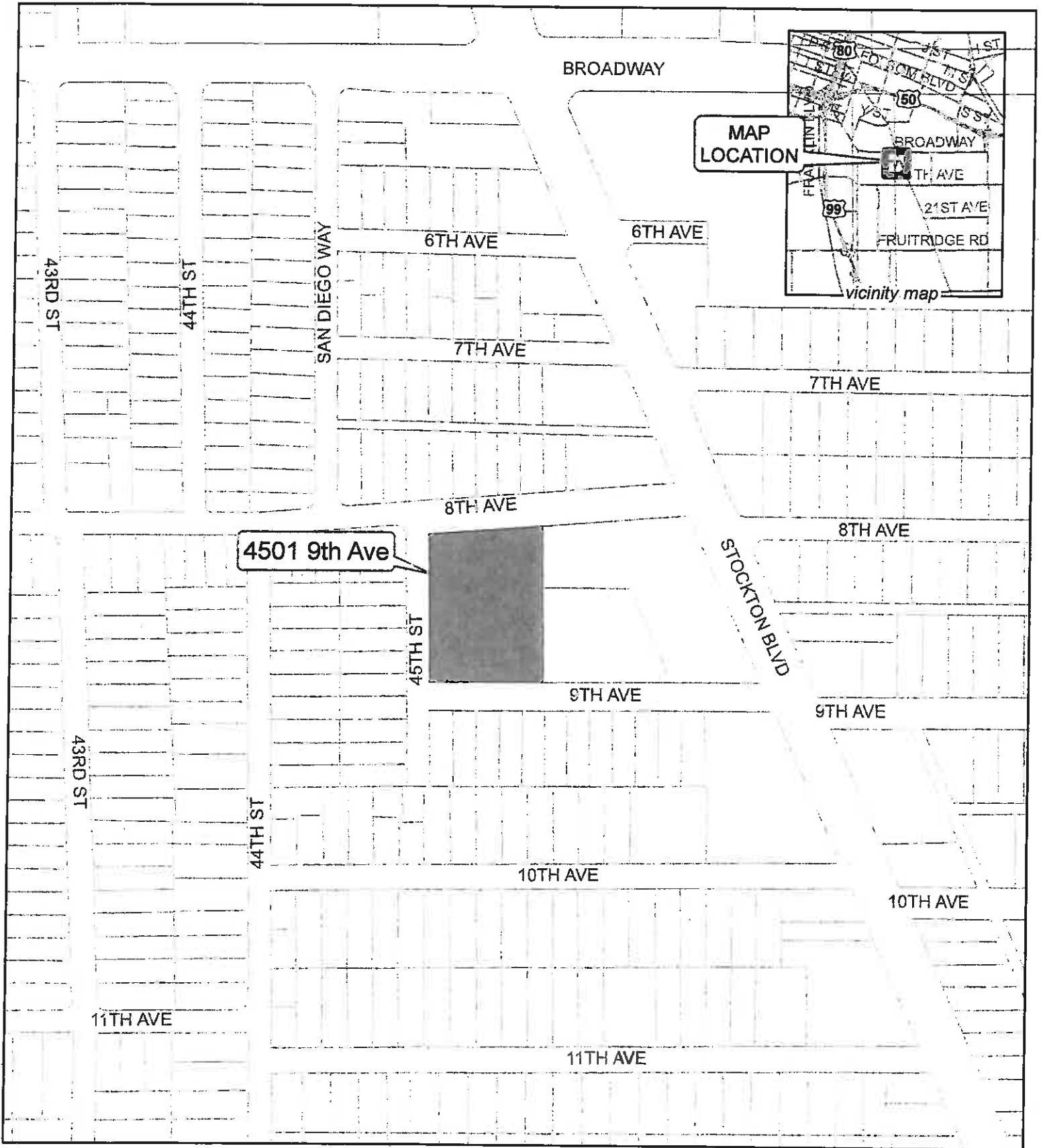
Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

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4501 9th Avenue



4501 9th Ave

0 250 500 Feet



SHRA GIS
June 7, 2012

SUPERSEDED: SEE LEGAL FOR CHANGES
RESOLUTION NO. 2012 -

**Adopted by the Housing Authority of the City of Sacramento
(Acting as the Successor Housing Agency to the Redevelopment
Agency) of the City**

on date of August 21, 2012

**INTERIM LEASE OF AUTHORITY OWNED PROPERTY FOR THE USE BY THE
FORTUNE CHARTER SCHOOL**

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento acquired the property for housing on March 21, 1986.
- B. In 2011 the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.
- C. The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.
- D. The Housing Successor Agency will be responsible for the disposition and or utilization of the property.
- E. Fortune School of Education is entering into an interim lease for the buildings located at 3300 Stockton Blvd and 4545 9th Ave. in Sacramento to open William Lee College Prep as authorized by the Sacramento County Board of Education.
- F. The Fortune School of Education would like an interim lease to allow students to use the field for play activities and physical education. The lot owned by the Housing Authority is adjacent to the structure leased by the Fortune school for classroom instruction.
- G. No structures will be constructed on the parcel and Fortune School of Education is willing to participate in its maintenance and upkeep.
- H. As an interim use, staff recommends leasing the parcel to the Fortune Charter School, serving low income families in the area. In exchange, the Fortune Charter School will secure, maintain and insure the parcel for the duration of the interim lease thereby preserving and maintaining this housing asset until such time as it is economically feasible to address the property in accordance with AB 1484 (enacted on June 27, 2012).

- I. The action recommended herein to execute a lease is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.
- J. There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

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

- Section 1. All recitals including but not limited to the environmental are found to be true and correct.
- Section 2. The Executive Director, or designee, is authorized to enter into an interim lease for 1 year with 3 renewable extensions. The Authority shall have the ability to terminate the interim lease without penalty after 30 days from notification.

Table of Contents:

Exhibit A: (Draft Interim Lease) – 1 Page

INTERIM LEASE AGREEMENT

THIS INTERIM LEASE (Lease), dated August __, 2012 is between the **HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, ACTING AS SUCCESSOR HOUSING AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**, (LESSOR), and the **FORTUNE SCHOOL OF EDUCATION** (LESSEE).

RECITALS

A. LESSOR is the owner of real property known as 4501 9th Avenue, Sacramento, California in the County of Sacramento, State of California, (the Premises), more particularly described in the Property Description, Exhibit A, attached hereto and incorporated herein (the Premises).

B. The Redevelopment Agency of the City of Sacramento acquired the property for housing on March 21, 1986.

C. The dissolution of the Redevelopment Agency of the City of Sacramento in April 2012 required transfer of the property to the Housing Successor Agency.

D. The Housing Authority of the City of Sacramento elected to become the Housing Successor Agency.

E. LESSEE is entering into an interim lease for the buildings located at 3300 Stockton Blvd and 4545 9th Ave. in Sacramento to open William Lee College Prep as authorized by the Sacramento County Board of Education.

F. LESSEE desires this Interim Lease to allow students to use the field for play activities and physical education. The lot owned by the Housing Authority is adjacent to the structure leased by the Fortune school for classroom instruction.

G. No structures will be constructed on the parcel and Fortune School of Education is willing to participate in its maintenance and upkeep.

H.. LESSEE acknowledges that LESSEE is leasing the Premises the housing Authority which is a Housing Authority formed pursuant to California State Law (California Health & Safety Code Sections 34200 *et seq.*) and that this document is governed by that law. This lease is consistent with, and furthers, the goals and needs of the Housing Authority such interim lease will assist in the maintenance and preservation of this asset which will be addressed when feasible.

IT IS AGREED:

1. LEASE TERM:

A. LESSOR grants to LESSEE a tenancy of the Premises for ONE (1) year commencing according to the Schedule in Section 2, below.

B. LESSOR shall have the right to cancel this Lease at no cost or penalty by giving LESSEE thirty (30) days written notice.

C. LESSEE understands and acknowledges that LESSOR intends to develop housing on the Premises, as soon as development becomes feasible. This LEASE and the use contemplated by his LEASE are, therefore, temporary in nature. LESSEE shall not by this LEASE or otherwise be entitled to relocation benefits or replacement property or premises resulting from expiration or termination of this LEASE.

D. There shall be no holdover beyond the initial lease term. Further use and enjoyment of the premises beyond the initial one year term shall be by written agreement only and pursuant to Housing Authority Governing Board approval at its sole discretion.

2. SCHEDULE:

A. The Lease term shall commence when the Premises are prepared for use, or the date LESSEE takes possession of the premises, whichever occurs first and in no instance later than September 1, 2012.

3. RENTAL RATE:

Consideration for this LEASE shall be the securing, maintenance of and insuring of the Property. There will be no monetary charge.

LESSEE shall at all times during this LEASE be responsible for and maintain and clean the Premises. This includes but is not limited keeping the Premises free of debris and mowing the grasses on the Premises once a week except for the months of November, December, January and February when mowing will be subject to the weather but in no case less than once every three weeks.

4. USE:

A. LESSEE accepts the Premises in its present "as is" condition and LESSOR is under no obligation to undertake any improvements to make the Premises suitable for LESSEE's intended use. LESSEE, at its sole cost, shall maintain the Premises in good condition and keep them free of garbage and debris.

B. The Premises shall be used by LESSEE only for customary school yard activities, including play activities and physical education, but for no other uses without LESSOR's written consent.

5. ALTERATIONS BY LESSEE:

LESSEE may make no alterations to the leased premises without the prior written consent of LESSOR. No building or structures shall be constructed on the Premises.

6. UTILITY SERVICE PAYMENT:

The LESSEE is responsible for any and all utilities, if any, that may be required in LESSEE's use of the Premises including but not limited to water, electricity and drainage.

7. INDEMNIFICATION:

LESSEE agrees to indemnify, defend and hold LESSOR and LESSOR'S governing boards, employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from any cause occurring in or about or resulting from an occurrence in or about Premises during the Lease Term; the negligence or willful misconduct of LESSEE or LESSEE's agents, employees, and contractors wherever it occurs; or, an Event of LESSEE's Default.

The provisions of this Section 7 shall survive the expiration or sooner termination of this Lease.

8. INSURANCE:

During the Lease Term, LESSEE must maintain the following insurance coverage from insurance providers licensed to do business in California and having an industry rating that is reasonably acceptable to LESSOR. Failure to maintain the required insurance is a material breach of this Lease. Before beginning any work under this Lease, LESSEE must provide LESSOR with certificates of insurance or copies of the insurance policies demonstrating the required coverage, and the required endorsements naming LESSOR as an additional insured. LESSEE must assure that such certificates and endorsements are in a form reasonably acceptable to the LESSOR and reflect fulfillment of all of the requirements of this Lease. LESSEE must assure that the coverage afforded under the policies can only be canceled after thirty (30) days prior written notice to the LESSOR of the pending cancellation. LESSEE must mark such notice to the attention of the LESSOR's Procurement Services Office at the following address:

The Housing Authority of the City of Sacramento
801 12th Street
Sacramento, California 95814
Atten: _____

a) The required insurance coverage is the following: (i) Two Million Dollars (\$2,000,000) or more of commercial general liability coverage including, without limitation, coverage for liability, public liability and property damage. The liability shall be endorsed to name the LESSOR as an additional insured.

b) Cancellation: LESSEE will provide the LESSOR with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is the LESSEE's responsibility to notify the LESSOR 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 LESSOR within forty eight (48) hours of such cancellation or non-renewal.

_____**LESSEE's Initials**

LESSEE is in material breach of this Lease for so long as LESSEE fails to maintain all of the required insurance. LESSOR 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 LESSOR's demand, LESSEE must immediately reimburse LESSOR for any and all costs incurred by LESSOR in so obtaining or maintaining insurance.

9. REPAIR CONTRACT:

LESSOR shall designate sources to be called when repairs to the leased premises are required. Said sources shall be called in the event LESSEE is unable to contact LESSOR within a reasonable time.

10. RISK OF HAZARDS:

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon or use or apply chemical or hazardous materials on the Premises.

11. LESSEE OWNED ITEMS:

All permanent fixtures, partitions or other improvements made or installed under the requirements of this Lease, by either LESSOR or LESSEE, shall remain the property of the LESSOR. LESSEE shall repair any damage to the leased premises resulting from removal of any fixture, partition or other improvement installed by LESSEE.

12. GOOD NEIGHBOR:

LESSEE's use of the Premises shall be in a manner consistent with the general use of school yards located in residential neighborhoods.

13. WRITTEN COMMUNICATIONS:

A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first class, certified mail.

Such matters shall be addressed to the other party at the following address:

<u>To LESSOR at:</u>	<u>To LESSEE at:</u>
Housing Authority of the City of Sacramento 801 12 th Street Sacramento, CA 95814 Phone No. (916) 440-	Fortune Charter School Margaret Fortune 2035 Hurley Way, Suite 200 Sacramento, CA 95825 Phone No. (916)

or such other address as a party may designate to the other by notice.

B. Any matter mailed pursuant to this paragraph shall be deemed communicated within forty-eight (48) hours from the time of mailing.

14. RIGHT AND REMEDY:

No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provisions of the Lease.

15. RULES AND REGULATIONS:

LESSEE'S occupancy and use of the Premises shall at all times be conducted in manner that is in compliance with applicable statutes, regulations and ordinances. Violation of these Rules and Regulations will be a default by LESSEE, in which case LESSOR may terminate this Lease on 48 hours written notice.

LESSOR:
HOUSING AUTHORITY OF
THE CITY OF SACRAMENTO

LESSEE:
FORTUNE CHARTER SCHOOL

By: _____
LA SHELLE DOZIER,
Executive Director

By: _____
MARGARET FORTUNE,
President/CEO

DATE: _____

APPROVED AS TO FORM:

DATE: _____

AGENCY COUNSEL



July 26, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Declaration Of Surplus Property; Approval of the disposition of Housing Authority
Owned Real Property Located at 3867 Bainbridge Drive, North Highlands, CA

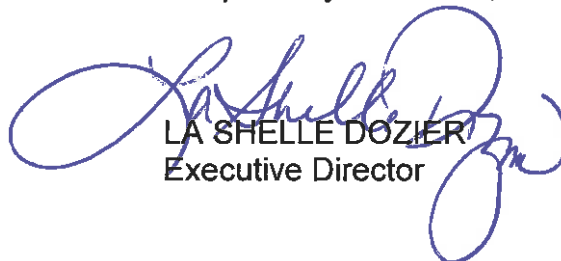
SUMMARY

The attached report is submitted to you for review and recommendation prior to
consideration by the County of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
August 21, 2012

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Declaration Of Surplus Property; Approval Of The Disposition Of Housing
Authority Owned Real Property Located 3867 Bainbridge Drive, North
Highlands, CA

Supervisory
District: Peters

Contact: Nick Chhotu, Assistant Director of Housing, 440-1334
Cecette Hawkins, Management Analyst, 449-6218

Overview

Staff following a duly noticed public hearing seeks authority to declare surplus and dispose of residential real property located at 3867 Bainbridge Drive, North Highlands, CA pursuant to Health and Safety Code 34315 and 34320 subject to approval of an application to the United States Department of Housing and Urban Development (HUD) for Disposition of the real property. The Authority will lease the property with an option to purchase at fair market value to a non-profit organization that provides transitional housing services that specifically identifies and addresses the unique cultural and language needs of income qualified women and children impacted by domestic violence through family education, and by increasing their self-determination. The Non-Profit will use the property to provide transitional housing services for women and children impacted by domestic violence, public housing residents and the overall community.

Recommendations

Adopt a **Housing Authority Resolution**: 1) authorizing the disposition of real property located at 3867 Bainbridge Drive, North Highlands, CA pursuant to Health and Safety Code 34315 and 34320 subject to HUD approval, 2) authorizing the Executive Director or her designee to submit an application to the United States of Housing and Urban Development for the disposition of 3867 Bainbridge Drive, North Highlands, CA; 3) authorizing the Executive Director or her designee to amend the Housing Authority's budget to accept the lease and sale proceeds; 4) authorizing the Executive Director or her designee to execute the necessary documents, subject to legal counsel review, to facilitate the disposition of the property and remove the declaration of trust; and 5) authorizing the Executive Director or her designee, in the event that HUD does not approve the disposition of the property or fails to approve the disposition application by July 30, 2013, to lease the property on a month to month lease to a non-profit organization to provide transitional housing services that specifically identify and address the unique needs of women and children impacted by domestic violence, public housing residents and the community.

Measures/Evaluation

Adoption of the attached resolution will allow for the submission of a disposition application to HUD, requesting authorization to transfer a single family property to a non-profit organization that provides transitional housing services and other program services that specifically identify and address the unique cultural and language needs of women and children, public housing residents and the overall community impacted by domestic violence through family education, and by increasing their self-determination. Proceeds from the sale of this home will allow the Housing Authority to fund the rehabilitation of other public housing owned homes and public housing expenses as authorized under HUD's public housing programs.

Fiscal Impact

The proceeds from the interim lease and disposition of this property, net the cost of the transaction, will be used to directly assist Housing Authority activities related to the administration and transfer costs, and other purposes authorized under HUD's public housing programs, or to fund other public housing expenses or initiatives.

BACKGROUND

The Housing Authority of the County of Sacramento (HACoS) currently owns and has a Declaration of Trust (DOT) and Annual Contributions Contract (ACC) for property at 3867 Bainbridge Drive, North Highlands, CA. Staff has determined that this property is surplus to the needs of the Housing Authority's public housing program and is seeking authority to remove it from public housing inventory. The unit is vacant and located in the North Highlands area of Sacramento. It is no longer feasible for this property to remain in our inventory, because the long-term operating maintenance is a challenge for this single family home. Upon Housing Authority Board approval, staff will submit an application to HUD to remove the Declaration of Trust and the Annual Contribution Contract (ACC) from this unit.

Recommendations included in this report are consistent with the goals identified in the 2007 Housing Authority Asset Repositioning Study (Study) which was approved by the City and County Housing Authority Boards in August of 2007. The Study was performed as a proactive strategy to align Sacramento Housing and Redevelopment Agency (SHRA) operations to the current funding environment. The challenge for the Housing Authority continues to be the very limited resources available to operate public housing units in the City and County of Sacramento. The Study recommends strategies that acknowledge this funding environment while adhering to SHRA's "guiding principles" and continuing to meet the needs of SHRA's traditional constituents. The primary goal identified in the 2007 study included the restructuring and/or repositioning of SHRA public housing assets to reduce dependency on federal public housing funding and eliminate ongoing operating and capital deficits.

DISCUSSION

To obtain HUD approval, the Housing Authority must provide a resolution evidencing the Board's support and approval to dispose of the real property and authority to submit the

disposition application. The disposition application would commit the Housing Authority to the proposed plan outlined above. HUD has issued PIH (Public and Indian Housing) Notice 2008-17 (HA) which provides guidance on the disposition of certain Public Housing Program assets. The Housing Authority is proposing to dispose of this property using the procedure outlined in this notice. Proceeds from the disposition of the real property are considered program income. Subject to HUD approval the lease payments may be used toward the purchase price. Funds will be used for future activities and projects to assist housing projects for persons of low-income consistent with Sections 34212 and 34312.3 (c) and/or 33334.2 of the Health & Safety Code.

COMMISSION ACTION

At its meeting of August 1, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

Adoption of the attached resolution will allow for the submission of a disposition application to HUD, requesting authorization to transfer a single family property to a non-profit organization that specifically identifies and addresses the unique cultural and language needs of income qualified women and children impacted by domestic violence through family education, and by increasing their self-determination. The non-profit will use the property for program services related to transitional housing for income qualified women and children impacted by domestic violence, public housing residents and the overall community. Proceeds from the sale of this home will allow the Housing Authority to fund the rehabilitation of other public housing owned homes and other public housing expenses as authorized under HUD's public housing programs.

FINANCIAL ANALYSIS

It is estimated that \$10,548 will be received through the lease of the property. The PHA certifies that any proceeds from the disposition of the property will be used to retire outstanding debt. Any remaining funds will be used to fund the rehabilitation of other public housing owned homes and public housing expenses as authorized under HUD's public housing programs.

POLICY CONSIDERATIONS

Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

The disposition of the subject property is consistent with the amended approved 2012 Public Housing Agency Annual Plan, the Housing Authority Asset Repositioning Strategy approved in 2007, and the United States Department of Housing and Urban Development (HUD) Notice PIH (Public and Indian Housing) 2008-017 (HA) which provides guidance on disposition of certain public housing program assets under public housing asset management. The property will be disposed of at fair market value, determined by an appraisal.

ENVIRONMENTAL REVIEW

The proposed actions is categorically excluded under the National Environmental Policy Act (NEPA) per 24 CFR Part 58.35 (a)(5), which covers dispositions where the structure and land will be retained for the same use. The California Environmental Quality Act (CEQA) does not apply to the proposed policy pursuant to CEQA Guidelines section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment and CEQA Guidelines section 15301 (exempt, Class 1).

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding.

Respectfully submitted,

APPROVED


LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

BRADLEY J. HUDSON
County Executive

Attachments:
RES – County HA Resolution
ATT I - Map

RESOLUTION NO. _____

**ADOPTED BY THE HOUSING AUTHORITY OF THE
COUNTY OF SACRAMENTO**

ON DATE OF

**APPROVAL OF THE DISPOSITION OF HOUSING AUTHORITY OWNED
RESIDENTIAL REAL PROPERTY LOCATED 3867 BAINBRIDGE DRIVE AND
DECLARATION OF SURPLUS PROPERTY**

WHEREAS, the residential property located at 3867 Bainbridge Drive (property), North Highlands, CA is vacant, surplus property and excess to the needs of the conventional public housing program; and

WHEREAS, the Housing Authority of the County of Sacramento (PHA) will on an interim basis, lease the property to a non-profit organization that provides transitional housing and other program services that specifically identify and address the unique needs of women and children, public housing residents and the community at large that are impacted by domestic violence, for 364 days, effective August 1, 2012 through July 30, 2013; and

WHEREAS, the PHA intends to seek approval to remove a United States Department of Housing and Urban Development (HUD) Declaration of Trust from the property; and

WHEREAS, the proposed actions is categorically excluded under the National Environmental Policy Act (NEPA) per 24 CFR Part 58.35 (a)(5), which covers dispositions where the structure and land will be retained for the same use. The California Environmental Quality Act (CEQA) does not apply to the proposed policy pursuant to CEQA Guidelines section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment and CEQA Guidelines section 15301 (exempt, Class 1); and

WHEREAS, the lease and disposition of this property and the proposed use of the space were considered, in consultation with the Resident Advisory Board which approved the concept and plan on June 20, 2012; and

WHEREAS, the proposed action to dispose of the property is categorically excluded under the National Environmental Policy Act (NEPA) per 24 CFR Part 58.35 (a)(5), which covers dispositions where the structure and land will be retained for the same use and the California Environmental Quality Act (CEQA) does not apply to the proposed policy pursuant to CEQA Guidelines section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment; and.

WHEREAS, a duly noticed public hearing pursuant to Health and Safety Code Section 34312.3 was held on August 1, 2012, at 801 12th Street, Sacramento, CA; and

WHEREAS, the disposition of this property is consistent with recommendations identified in the PHA Asset Repositioning Strategy adopted by the Board in August 2007, and is consistent with the United States National Housing Act of 1937.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF
THE COUNTY OF SACRAMENTO**

Section 1. That the facts stated above to be true and correct and are hereby adopted.

Section 2. That the PHA is authorized to dispose of the real property located at 3867 Bainbridge Drive for its fair market value pursuant to Health and Safety Code 34315 and 34320 subject to approval of the disposition and removal of the property from the public housing program by the federal department of Housing and Urban Development (HUD).

Section 3. The Executive Director or her designee is authorized to submit an application to HUD for the disposition of 3867 Bainbridge Drive and its removal from the PHA public housing program.

Section 4. The Executive Director or her designee is authorized to amend the PHA budget to accept the lease and sale proceeds from the disposition of the property to fund the rehabilitation of other public housing and public housing expenses as authorized under HUD's public housing program.

Section 5. The Executive Director or her designee is authorized to execute the necessary documents, subject to legal counsel review, to facilitate the disposition and removal of the property from the PHA public housing program.

Section 6. In the event that HUD does not approve the disposition of the property or fails to approve the disposition application by July 30, 2013, the Executive Director is authorized to lease the property on a month to month lease to a non-profit organization that provides transitional housing and other program services which specifically identify and address the unique needs of women and children, public housing residents and the overall community impacted by domestic violence. Such month to month lease may be terminated with thirty (30) day notice.

Declaration Of Surplus Property; Approval Of The Disposition Of Housing Authority Owned
Real Property Located 3867 Bainbridge Drive, North Highlands, CA
Page 3

On a motion by Member _____, seconded by Member _____, the
foregoing Resolution was passed and adopted by the Housing Authority of the County of
Sacramento, State of California this 21st day of August, 2012, by the following vote, to wit:

AYES: Members,
NOES: Members,
ABSENT: Members,
ABSTAIN: Members,

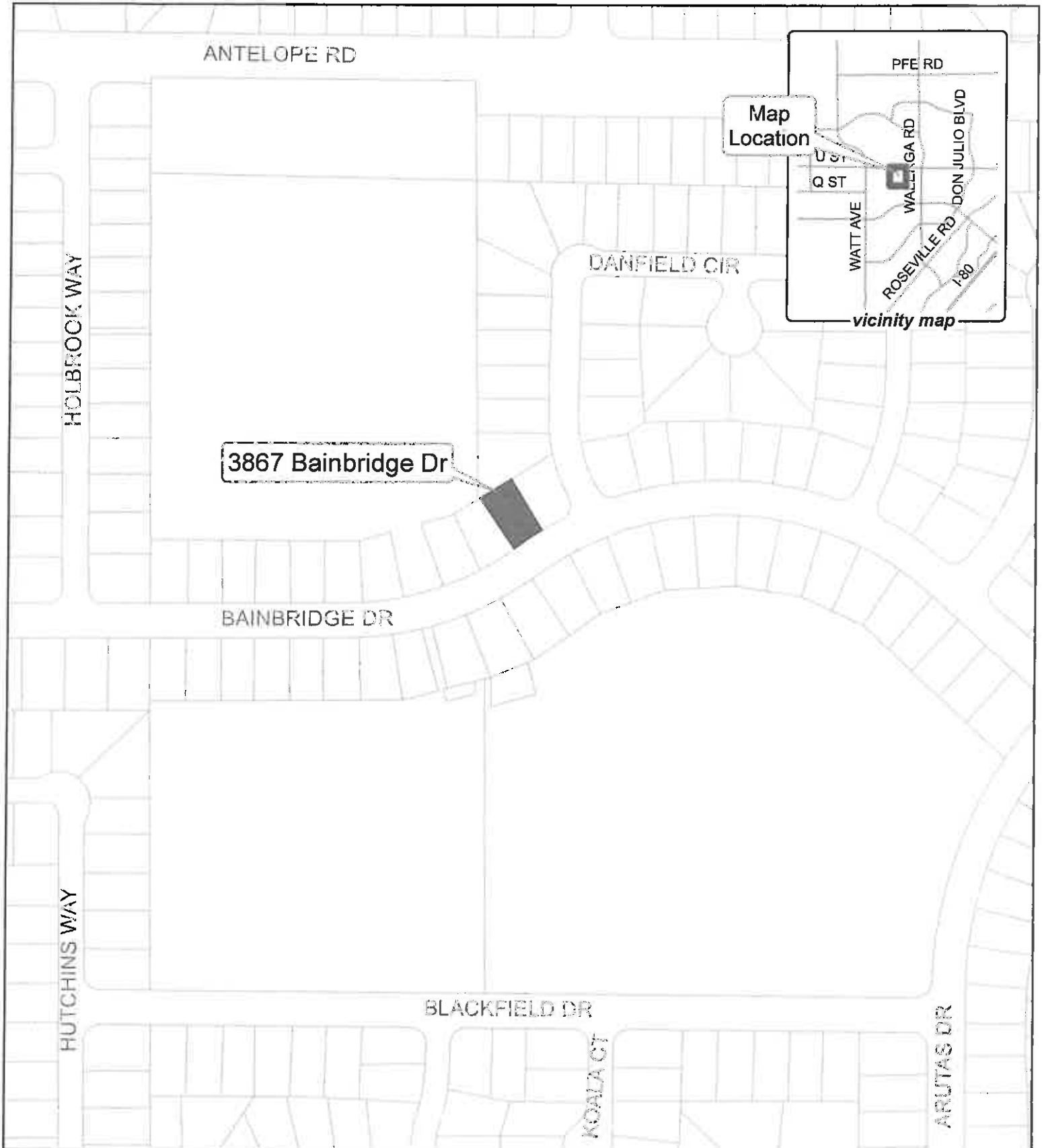
Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk



3867 Bainbridge Drive



3867 Bainbridge Dr

0 200 400 Feet



SHRA GIS
July 23, 2012



July 26, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Tax Exempt Bonds and Loan Assumption for Taylor Terrace apartments

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



**REPORT TO COUNCIL AND
HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Public Hearing
August 14, 2012**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Housing Authority Board**

Title: Approval of Tax Exempt Bonds and Loan Assumption for Taylor Terrace Apartments

Location/Council District: 4050 Taylor Street, Council District 2

Recommendation: Adopt 1) a **Housing Authority Resolution** a) indicating the willingness of the Housing Authority of the City of Sacramento to issue up to \$9,000,000 in tax-exempt mortgage revenue bonds to provide construction financing for Taylor Terrace Apartments (Project), b) authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for authority to issue the bonds, and c) authorizing the Executive Director or her designee to execute all necessary documents associated with the transaction; 2) a **Housing Authority (as Successor Housing Agency) Resolution** a) approving the assignment and restructuring of existing Low-Moderate Tax Increment loans in the amount of approximately \$830,000 including principal and accrued interest to LINC Housing Corporation or a related entity, and b) releasing the restrictions in old regulatory agreements that have been superseded by an August 10, 2009 Regulatory Agreement; and 3) a **City Council Resolution** a) indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed disposition, and b) approving the issuance of a tax exempt obligation.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353;
Jeree Glasser-Hedrick, Program Manager, Development Finance, 440-1302

Presenter: Joel Riphagen, Housing Finance Analyst, Development Finance

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Taylor Terrace Apartments is located at 4050 Taylor Street, just north of Interstate 80 in the City of Sacramento. The affordable apartment complex was built in 1994 using Low-Income Housing Tax Credits (LIHTC), a loan from the California Department of Housing and Community Development's (HCD) Rental

Housing Construction Program (RHCP), and a Low-Moderate Tax Increment loan from SHRA. A location map and site map are provided as Attachments 1 and 2 respectively.

In August 2009, Taylor Terrace was purchased by an affiliate of LINC Housing Corporation (LINC). LINC financed the purchase with a loan from Clearinghouse CDFI and an additional Low-Moderate Tax Increment loan from SHRA, and assumed all of the project's existing debt. LINC performed a minor renovation of the project at that time (dry rot repair, lighting improvements, smoke alarm upgrades, etc.) but waited for more favorable market conditions to re-syndicate the project with new LIHTCs tax exempt bonds to facilitate a more extensive rehabilitation. Due to improving market conditions, LINC is now proposing to move forward with the re-syndication and rehabilitation.

The proposed current project consists of upgrades to site paving, new roofing, windows, painting, installation of energy efficient air conditioning, new insulation, security camera upgrades, and unit improvements including new lighting, repaired cabinetry, new appliances, and drywall repairs.

The current project is proposed to be funded with LIHTC equity, tax exempt bonds issued by the Housing Authority of the City of Sacramento, a Sacramento Municipal Utility District (SMUD) energy efficiency incentive program grant, deferred developer fee, and assumption of the project's existing RHCP and SHRA loans. The Developer also intends to apply for Affordable Housing Program (AHP) funds from the Federal Home Loan Bank, and is negotiating revised terms on the RHCP loan with HCD. If the Developer is successful in either of these efforts, staff will present a revised project summary to the Housing Authority board when requesting final approval of bond and loan assignment documents for this project.

Both outstanding SHRA loans may also be modified to extend their terms by approximately 10 years, to match the terms of loans senior to the SHRA loans. In addition, an annual administrative fee charged on one of the loans must be removed, to be replaced by an administrative fee based on the tax-exempt bond issuance amount. No new gap financing is being requested from SHRA at this time.

Staff recommends Housing Authority action to approve an issuance of up to \$9,000,000 in tax-exempt mortgage revenue bonds for the Developer and authorize the assignment and modification of the two existing SHRA loans—totaling approximately \$830,000 in principal and accrued interest—to a new limited partnership formed by LINC Housing Corporation.

Further background on the project, developer and the property is included as Attachment 3. A project summary, including proposed sources and uses of funds, is included as Attachment 4. A project cash flow pro-forma and a schedule of maximum rents are included as Attachments 5 and 6.

Policy Considerations: The recommended actions are generally consistent with the approved SHRA tax exempt bond and multi-family loan policies. To ensure project feasibility, the bond monitoring fee has been split annually into a partially fixed and partially residual payment. Regulatory restrictions on the property will be specified in bond and loan regulatory agreements with the Housing Authority and SHRA, respectively. Compliance with the regulatory agreements will be monitored by SHRA on a regular basis for 55 years.

Economic Impacts: This residential rehabilitation project is expected to create 46.2 total jobs (26.2 direct jobs and 20.0 jobs through indirect and induced activities) and create \$6,210,374 in total economic output (\$3,785,610 of direct output and another \$2,424,764 of output through indirect and induced activities).

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

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

Sustainability Considerations: The Taylor Terrace Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy.

Commission Action: At its meeting on August 1, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this project. The votes were as follows:

AYES:

NOES:

ABSENT:

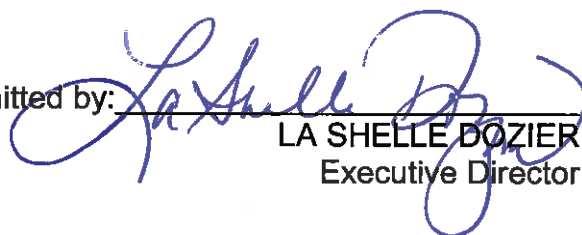
Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Financial Considerations: The proposed bond issuance will not be an obligation of the City, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be an obligation solely of the project and the owner who will bear all costs associated with issuing the bonds. SHRA will receive a one-time issuance fee of 0.25 percent of the bond issuance amount, which is payable at bond closing. SHRA will also collect a fixed and residual annual fee of 0.15 percent of the total bond issuance amount. The law firm of Orrick, Herrington & Sutcliffe LLP, is acting as bond counsel for the Housing Authority.

The restructuring of the existing Low-Moderate Tax Increment loans may extend the repayment period on both loans by approximately ten years, and will remove an administrative fee from one of them, to be replaced by the annual fee on the bond amount described above. Their terms will otherwise remain unchanged.

M/WBE Considerations: The activities recommended in this staff report do not involve federal funding; therefore there are no M/WBE requirements.

Respectfully Submitted by:



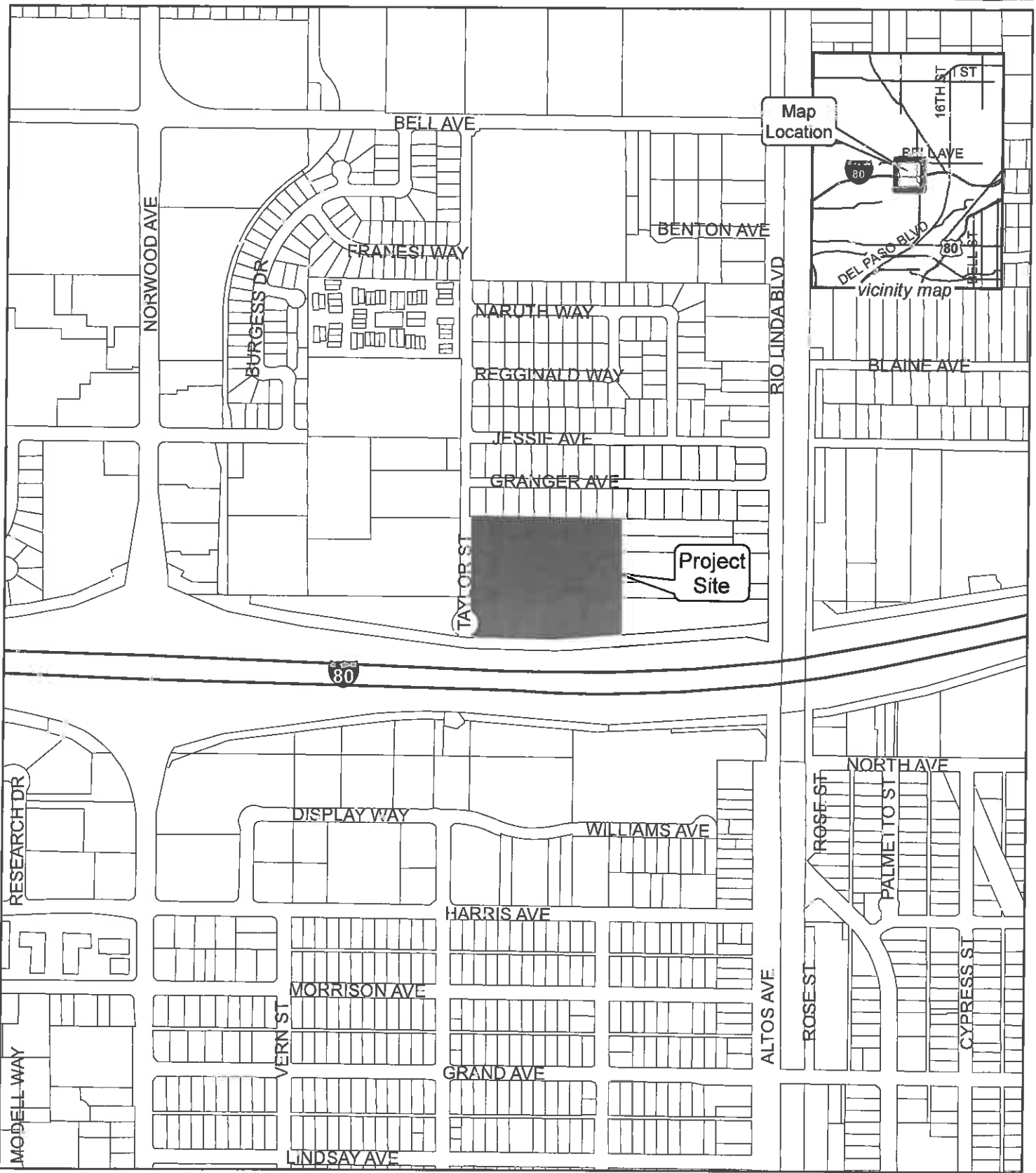
LA SHELLE DOZIER
Executive Director

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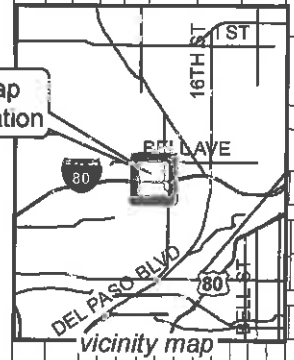
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Taylor Terrace Apartments



Map Location



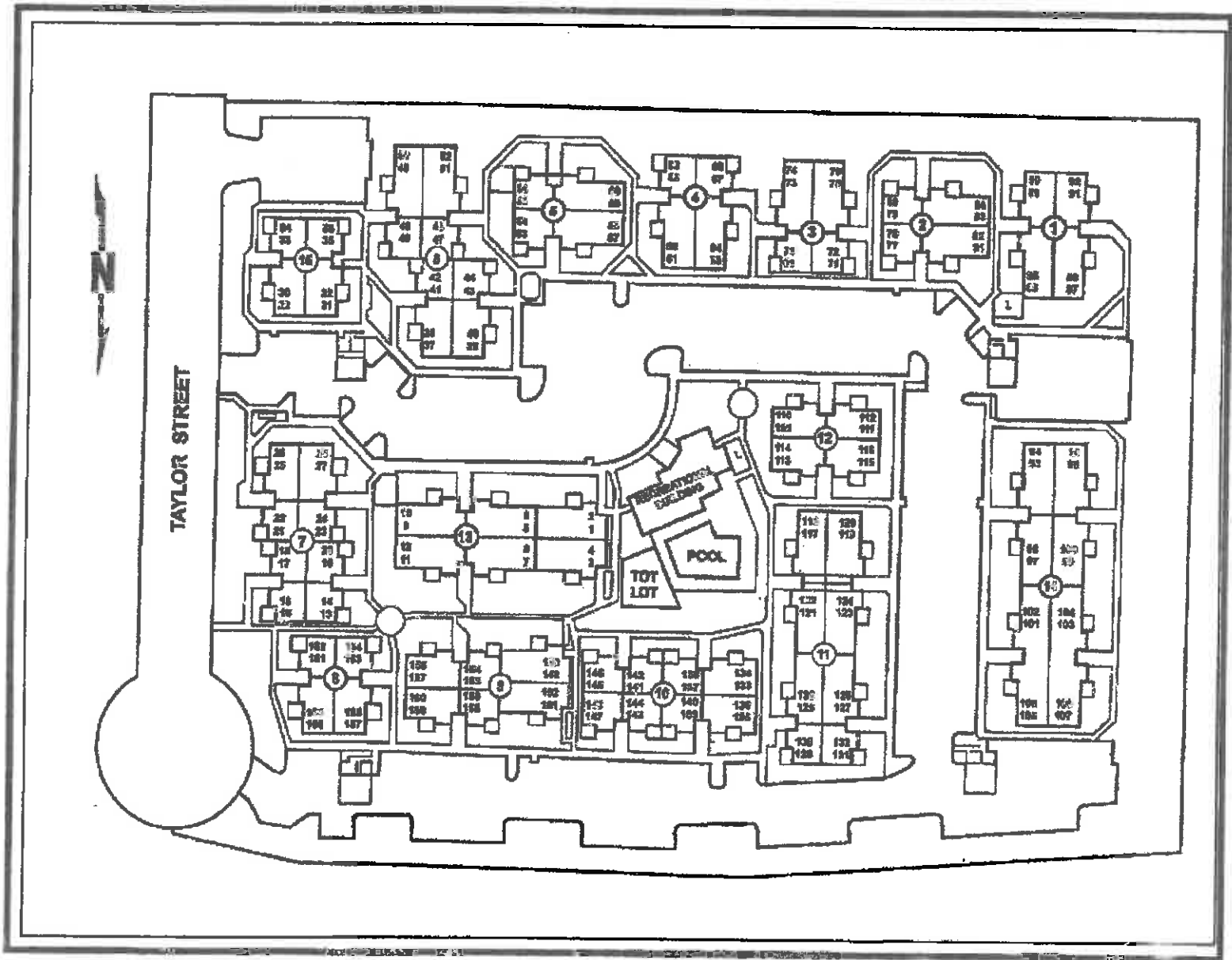
Project Site



4050 Taylor Street



SHRA GIS
July 9, 2012



Taylor Terrace Apartments Background Information

The Developer, LINC Housing Corporation, proposes to refinance and rehabilitate Taylor Terrace Apartments, an existing 168-unit affordable apartment complex at 4050 Taylor Street. The Developer is requesting issuance of up to \$9,000,000 in tax-exempt mortgage revenue bonds for a refinance and rehabilitation of the project, as well as assignment of the existing SHRA loans to a new limited partnership formed by the Developer.

Description of Development : Taylor Terrace Apartments was developed in 1994 using 9 percent Low Income Housing Tax Credits (LIHTC's), Rental Housing Construction Program (RHCP) funds from the California Department of Housing and Community Development (HCD), and construction and permanent loans from the Agency. The project consists of 64 one-bedroom, 36 two-bedroom, and 68 three-bedroom units in fifteen two-story buildings. The project includes 70 very low-income units available to renters at or below 50 percent of Area Median Income (AMI) but with restricted rents affordable at 35 percent of AMI, as well as 97 low-income units affordable to families at or below 60 percent of AMI, and one manager's unit. Amenities include a gated entry, swimming pool, clubhouse, children's play area, and three laundry rooms. The wood frame buildings are constructed on concrete foundations with stucco siding. The roofs are pitched with composition shingles. Units have individual wall air conditioning units and gas water heaters.

The proposed project will include a complete rehabilitation of the Taylor Terrace Apartments including interior and exterior repairs to the buildings and site improvements at a total cost of approximately \$3,850,000. Interior rehabilitation will include repair and replacement of appliances, kitchen cabinets, bathroom fixtures, water heaters, carpets and vinyl flooring, as needed. Exterior work will include replacement or repair of the stucco, windows, roof, gutters, and car-ports along with repainting, and site work will include landscaping, sprinkler repair, and tree trimming. The proposed rehabilitation conforms to the Agency's guidelines that require a 15 year useful life for all major building systems and will bring the property up to current market standards. The improvements will create a complex that is visually more appealing and functionally improved, increasing its marketability and having a positive impact on the surrounding neighborhood.

Vicinity and site maps are included as Attachments 1 and 2 respectively. A project summary, including a proposed sources and uses of funds, is included as Attachment 4. A project cash flow proforma and a schedule of maximum rents and incomes for the project are included as Attachments 5 and 6.

Developer: LINC Housing Corporation was founded in 1984 by the Southern California Association of Governments to address the need for affordable housing in the region. LINC (an acronym for Limited Income Communities) is a non-profit developer of affordable housing that now builds and preserves service-enriched homes for families and seniors throughout California. The firm has participated in the development of more than six thousand affordable homes across the state and has been recognized as being one of the top owners and developers of affordable housing in the nation. The company is a partner in the 80-unit North Avenue Apartments project in Sacramento that was completed in 2007.

Property Management: The project will be managed by U.S. Residential Group, LLC (USRG), an experienced manager of conventional and affordable apartment communities nationwide. The company currently manages a portfolio of approximately 100,000 apartment units in 500 apartment communities, including many affordable units financed with tax-exempt bonds, LIHTC's, and tax increment funds. In addition to Taylor Terrace, USRG manages several affordable complexes in Sacramento City and County, including Rio Linda Manor, Rosswood Manor, and Willow Tree. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Resident Services Plan: Services will be provided to the residents by LINC Cares, an affiliate of the developer. The service provider will be required to provide at least 22 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include after-school programs, computer training, English as a Second Language classes and coordinating social activities for the residents.

Project Financing: The project is proposed to be funded with Low-Income Housing Tax Credit (LIHTC) equity from both 4-percent Federal tax credits and competitive state tax credits, tax-exempt mortgage revenue bonds of up to \$9 million issued by the Housing Authority, a SMUD energy efficiency incentive program, deferred developer fee, and assumption of the project's existing RHCP and SHRA loans. The Developer also intends to apply for Affordable Housing Program (AHP) funds from the Federal Home Loan Bank, and is negotiating revised terms on the RHCP loan with HCD. If the Developer is successful in either of these efforts, staff will present revised financing numbers to the Housing Authority board when requesting final approval of bond documents for this project.

Both outstanding SHRA loans may also be modified to extend their terms by approximately 10 years, to match the terms of loans senior to the SHRA loans. In addition, an annual administrative fee charged on one of the loans must be removed, to be replaced by a larger administrative fee based on the tax-exempt bond issuance amount. No new gap financing is being requested from SHRA at this time.

Redevelopment Successor: As of February 1, 2012, all Redevelopment Agencies (RDAs) were dissolved and their assets, properties, contracts, leases, and ongoing functions were transferred to successor agencies. The City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA. The assumption and restructuring of the original Taylor Terrace debt requires PHA approval because its original funding source was Low-Moderate Tax Increment.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. Further restrictions on incomes and rents are imposed as a result of the existing RHCP loan from HCD, and the loans from the Redevelopment Agency. Current rents will remain the same after the proposed transaction but the terms of the regulatory restrictions will be extended out to a new 55-year period. The following chart summarizes the combined proposed affordability restrictions:

Funding	% of Units	Affordability Restrictions	No. Units	Regulatory Requirements
Tax-Exempt Bonds Tax Credits (LIHTC) Agency Loans HCD Loan	42%	Very Low Income (50% AMI) residents, with 35% AMI rents*	70	55 years
	58%	Low Income (60% AMI)	97	55 years
Manager's Unit		Unrestricted	1	
Total	100%		168	

* RHCP funding sets rents for these units at 35% AMI, but allows residents to earn up to 50% AMI.

Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment 6. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

Taylor Terrace Apartments Project Summary

Address	4050 Taylor Street		
Number of Units	168		
Year Built	1994		
Acreage	7.14 Acres		
Affordability	70 units (42%) at or below 50% of Area Median Income (AMI) 97 units (58%) at or below 60% of AMI 1 Manager's Unit		
Unit Mix and Rents	(35% AMI)*	(60% AMI)	Manager
1 Bedroom / 1 Bath	34	30	
2 Bedroom / 1 Bath		36	
3 Bedroom / 2 Bath	36	31	
Unrestricted			1
* Rents on 35% AMI units regulated by HCD-RHCP - resident incomes in these units can be up to 50% AMI.			
Square Footage	<u>Per Unit</u>	<u>Total</u>	
1 Bedroom / 1 Bath	650	41,600 s.f.	
2 Bedroom / 1 Bath	892	32,112 s.f.	
3 Bedroom / 2 Bath	1,050	71,400 s.f.	
Leasing Office / Clubhouse		1,500 s.f.	
Laundry Rooms / Maintenance Shop		400 s.f.	
Total		147,012 s.f.	
Resident Facilities	Community room with kitchen, pool, three laundry rooms, tot lot		
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Mortgage Revenue Bond	\$ 3,450,000	\$ 20,536	\$ 23.47
Tax Credit Equity	\$ 4,994,035	\$ 29,726	\$ 33.97
RHCP Loan (Existing)	\$ 4,875,822	\$ 29,023	\$ 33.17
SHRA Tax Increment Loans (Existing)	\$ 880,475	\$ 5,241	\$ 5.99
Deferred Developer Fee	\$ 430,000	\$ 2,560	\$ 2.92
Construction Period Income	\$ 244,000	\$ 1,452	\$ 1.66
SMUD Utility Incentive	\$ 184,800	\$ 1,100	\$ 1.26
Other	\$ 816,223	\$ 4,858	\$ 5.55
TOTAL SOURCES	\$ 15,875,355	\$ 94,496	\$ 107.99
Permanent Uses			
Acquisition Costs	\$ 8,850,000	\$ 52,679	\$ 60.20
Construction Costs	\$ 3,509,910	\$ 20,892	\$ 23.87
Contingency	\$ 393,242	\$ 2,341	\$ 2.67
Financing Costs	\$ 910,967	\$ 5,422	\$ 6.20
Reserves	\$ 521,787	\$ 3,106	\$ 3.55
Legal Fees	\$ 175,000	\$ 1,042	\$ 1.19
Relocation	\$ 150,000	\$ 893	\$ 1.02
Permits	\$ 55,000	\$ 327	\$ 0.37
Architecture and Engineering	\$ 10,000	\$ 60	\$ 0.07
Developer Fee	\$ 999,999	\$ 5,952	\$ 6.80
Other	\$ 299,450	\$ 1,782	\$ 2.04
TOTAL USES	\$ 15,875,355	\$ 94,496	\$ 107.99
Management / Operations			
Proposed Developer:	LINC Housing Corporation		
Property Management Company:	US Residential Group (USRG)		
Operations Budget:	\$758,066	\$4,512	
Resident Services:	\$30,000	\$179	
Replacement Reserves:	\$100,800	\$600	

**Taylor Terrace Apartments
Cash Flow Proforma**

Attachment 5

Unit Type	Number	Square Feet	Total Sq Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent	Actual Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent	2023 Year 10	2028 Year 15	2033 Year 20	2038 Year 25	2043 Year 30
1 BD / 1 BA @ 35% AMI	34	650	22,100	\$ 484	\$ 63	\$ 421	\$ 421	\$ 0.65	\$ 14,314	\$ 171,768					
1 BD / 1 BA @ 60% AMI	30	650	19,500	\$ 856	\$ 63	\$ 793	\$ 633	\$ 0.97	\$ 18,990	\$ 227,880					
2 BD / 1 BA @ 60% AMI	36	892	32,112	\$ 1,027	\$ 74	\$ 953	\$ 739	\$ 0.83	\$ 26,604	\$ 319,248					
3 BD / 2 BA @ 35% AMI	36	1,050	37,800	\$ 589	\$ 85	\$ 504	\$ 504	\$ 0.48	\$ 18,144	\$ 217,728					
3 BD / 2 BA @ 60% AMI	31	1,050	32,550	\$ 1,141	\$ 85	\$ 1,056	\$ 857	\$ 0.82	\$ 26,567	\$ 318,804					
Manager's Unit (3 BR / 2 BA)	1	1,050	1,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	168		145,112						\$ 104,619	\$ 1,255,428					
Income	Rate	Annual Increase	Per unit	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2023 Year 10	2028 Year 15	2033 Year 20	2038 Year 25	2043 Year 30		
Potential Gross Income		2.50%		1,255,428	1,286,814	1,318,984	1,351,959	1,385,758	1,567,858	1,773,887	2,006,990	2,270,725	2,569,117		
Other Income		2.50%		22,761	23,330	23,914	24,511	25,124	28,426	32,161	36,387	41,169	46,579		
Less Vacancy (7% through year 15, 5% thereafter)				89,473	91,710	94,003	96,353	98,762	111,740	126,423	102,169	115,595	130,785		
Effective Gross Income				\$1,188,716	\$1,218,434	\$1,248,895	\$1,280,117	\$1,312,120	\$1,484,543	\$1,679,625	\$1,941,209	\$2,196,289	\$2,484,911		
Operating Expenses															
Property Management Fee		3.50%	4,161	699,065	723,532	748,856	775,066	802,193	952,754	1,131,573	1,343,953	1,596,195	1,895,779		
Social Services		2.50%	351	59,001	60,476	61,998	63,538	65,126	73,684	83,367	94,322	106,717	120,740		
Assessments		3.50%	179	30,000	31,050	32,137	33,262	34,426	40,887	48,561	57,675	68,500	81,356		
Replacement Reserves		2.00%	126	21,191	21,815	22,047	22,488	22,938	25,325	27,961	30,871	34,084	37,632		
Total Expenses			600	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800		
			5,417	\$910,057	\$937,473	\$965,828	\$995,153	\$1,025,483	\$1,193,450	\$1,392,261	\$1,627,622	\$1,906,296	\$2,236,307		
Net Operating Income				\$278,659	\$280,961	\$283,067	\$284,964	\$286,637	\$291,093	\$287,363	\$313,587	\$290,004	\$248,604		
Debt Service	Amount	Rate	Term												
Senior Loan	\$ 3,450,000	4.24%	30	203,421	203,421	203,421	203,421	203,421	203,421	203,421	203,421	203,421	203,421		
SHRA Monitoring Fee	\$ 3,450,000	0.15%	30	5,175	5,175	5,175	5,175	5,175	5,175	5,175	5,175	5,175	5,175		
SHRA Existing Loan	\$ 232,026	3.00%	21	10,740	10,740	10,740	10,740	10,740	10,740	10,740	10,740	10,740	10,740		
RHCP Required Payment	\$ 3,208,305	0.42%	55	13,475	13,475	13,475	13,475	13,475	13,475	13,475	13,475	13,475	13,475		
Debt Service Subtotal				\$232,810	\$232,810	\$232,810	\$232,810	\$232,810	\$232,810	\$232,810	\$232,810	\$232,810	\$232,810		
DCR on Senior Loan				1.34	1.35	1.36	1.37	1.37	1.40	1.38	1.50	1.39	1.19		
DCR on Senior Loan and RHCP Required Payment				1.20	1.21	1.22	1.22	1.23	1.25	1.23	1.35	1.31	1.12		
Priority Distributions															
Asset Management Fee		10.00%		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000		
Cash Flow to Investor		90.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Cash Flow to Sponsor				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Net Cash after Priority Distributions				\$30,849	\$33,151	\$35,257	\$37,154	\$38,827	\$43,283	\$0	\$0	\$0	\$0		
Deferred Developer Fee															
Principal Balance	\$430,000	0.00%		430,000	399,151	366,001	330,744	293,590	87,740						
Interest for Period				0	0	0	0	0	0						
Accumulated Interest				0	0	0	0	0	0						
Payment				30,849	33,151	35,257	37,154	38,827	43,283						
Balance				\$399,151	\$366,001	\$330,744	\$293,590	\$254,763	\$44,457						
Net Cash after Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Residual SHRA Monitoring Fee Due	\$ 4,700,000	0.15%		\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050	\$7,050		
Residual SHRA Monitoring Fee Paid				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
SHRA Loan															
Principal Balance	\$580,000	4.00%		580,000	580,000	580,000	580,000	580,000	580,000	580,000	580,000	580,000	580,000		
Interest for Period				23,200	23,200	23,200	23,200	23,200	23,200	23,200	23,200	23,200	23,200		
Accumulated Interest				23,200	46,400	69,600	92,800	116,000	232,000	348,000	464,000	580,000	696,000		
Estimated Residual Receipts Payment		75.00%		0	0	0	0	0	0	0	0	0	0		
Balance				\$603,200	\$626,400	\$649,600	\$672,800	\$696,000	\$812,000	\$928,000	\$1,044,000	\$1,160,000	\$1,276,000		
Residual RHCP Repayment		25.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Combined Debt Coverage Ratio				1.20	1.21	1.22	1.22	1.23	1.25	1.23	1.35	1.31	1.12		

MAXIMUM RENT AND INCOME LEVELS 2012**Maximum Income Limits:**

Family Size	Very Low Income (VLI) 50% AMI	Low Income (LI) 60% AMI
1 person	\$26,650	\$31,980
2 person	\$30,450	\$36,540
3 person	\$34,250	\$41,100
4 person	\$38,050	\$45,660

Maximum Rent Limits:

Rental Housing Construction Program (RHCP), Tax Increment (TI), Mortgage Revenue Bond (MRB), Low Income Housing Tax Credit (LIHTC)

Unit Size	VLI Units (35% AMI) ¹		LI Units (60% AMI) ²	
	Gross Rent	Restriction Source	Gross Rent	Restriction Source
1 Bedroom	\$484.00	RHCP	\$856.00	LIHTC
2 Bedroom			\$1,027.00	LIHTC
3 Bedroom	\$589.00	RHCP	\$1,141.50	TI, MRB

Notes

1. Rents on VLI units restricted by RHCP are affordable to households earning 35% of AMI, but can be occupied by households earning up to 50% of AMI.
2. Rents on LI units shown in this table are the maximum allowable by law, but actual rents may be set lower to ensure that regulated unit rents are at least 10% below market rents, pursuant to CDLAC and TCAC requirements.

RESOLUTION NO. 2012 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RESOLUTION DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$9,000,000 (the "Obligations") for the purpose, among other things, of making a loan to LINC Housing Corporation, a California nonprofit public benefit corporation, or such other California limited liability company or limited partnership to be formed or to be formed by LINC Housing Corporation (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of a 168-unit multifamily housing facility located at 4050 Taylor Street, Sacramento, California and commonly known as the Taylor Terrace Apartments (the "Project");
- B. United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

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

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and rehabilitation of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition and rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations.

- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$9,000,000.
- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and rehabilitation of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.
- Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and rehabilitation of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation or operation of the Project.
- Section 8. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2012 –

**Adopted by the Housing Authority of the City of Sacramento
Acting as the Successor Housing Agency to the Redevelopment Agency of the
City of Sacramento**

on date of

TAYLOR TERRACE APARTMENTS: APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOAN AND ASSUMPTION OF OBLIGATIONS BY LINC HOUSING CORPORATION OR RELATED ENTITY, RELEASES OF OUTDATED RESTRICTIONS, SUBORDINATION OF EXISTING LOANS.

BACKGROUND

- A. LINC Housing Corporation has applied for an allocation of mortgage revenue bonds to assist in funding the rehabilitation and permanent financing of the 168-unit Taylor Terrace Apartments ("Project").
- B. The Project currently has two Low/Moderate Tax Increment Agency loans outstanding. The principal balance of the first loan is \$223,242.28 plus \$5,078.76 of accrued interest. The principal balance of the second loan is \$569,771.35 plus \$34,115.06 of accrued interest. LINC Housing Corporation has requested that the existing debt be restructured and assigned to a new limited partnership formed by LINC Housing Corporation. Requested restructuring of the loans includes removing a loan administration fee and possibly extending the loan's repayment terms by approximately 10 years..
- C. The original Agency signatory for each of the outstanding Agency loans was the Redevelopment Agency of the City of Sacramento.
- D. In 2011 the California Legislature enacted AB 1X 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- E. The City of Sacramento previously established the Redevelopment Agency of the City of Sacramento, a body corporate and politic ("Redevelopment Agency" or RDA) in order to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City.
- F. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.

- G. On January 31, 2012 the PHA affirmatively elected pursuant to Health and Safety Code Section 34176 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- H. The existing project loan of Low/Moderate fund origin is a housing asset pursuant to AB 1484.
- I. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, ACTING AS SUCCESSOR HOUSING AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, RESOLVES AS FOLLOWS:

- Section 1. The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Sections 15301.
- Section 2. The Executive Director is authorized to restructure outstanding Agency loans and related documents in the amount of 1) \$223,242.28 principal plus \$5,078.76 of accrued interest, and 2) \$569,771.35 principal plus \$34,155.06 of accrued interest to extend the maturity dates, and eliminate loan fees associated with these past loans.
- Section 3. The Executive Director is authorized to release outdated recorded restrictions associated with the 1991 Agency loan as these restrictions have been superseded by more comprehensive, longer termed restrictions and covenants.
- Section 4. The Executive Director is authorized to consent to the assumption of the obligations by LINC Housing Corporation or a related entity, in order to ensure the continued viability of the development.
- Section 5. It is found that an economically feasible alternative to financing is not a reasonably available on comparable terms and conditions without subordination. Authorization is therefore granted to subordinate the existing loans.

Table of Contents

- Exhibit A: First Assumption and Loan Modification Agreement
- Exhibit B: First Amendment to Regulatory Agreement
- Exhibit C: First Amended and Restated Promissory Note
- Exhibit D: First Amendment to Trust Deed
- Exhibit E: Second Assumption and Loan Modification Agreement
- Exhibit F: Release of Restrictions Contained in Regulatory Agmt.
- Exhibit G: First Amended and Restated Promissory Note
- Exhibit H: First Amendment to Trust Deed

**FIRST ASSUMPTION AND LOAN MODIFICATION AGREEMENT
2009 LOAN**

TAYLOR TERRACE APARTMENTS

4050 Taylor Street, Sacramento, California

APNs: 237-0180-059-0000 and 237-0192-001-0000

The Housing Authority of the City of Sacramento, a public body corporate and politic, (“Lender”) whose address is 801 12th Street, Sacramento, California 95814, LINC-Taylor Terrace Apartments, LLC, limited liability company (“Developer” or “Original Borrower”) whose address is 110 Pine Street, Suite 500, Long Beach, CA 90802, and LINC-Taylor Terrace Apartments Housing Investors, LP, limited partnership (“New Borrower”) whose address is 110 Pine Avenue, Suite 500, Long Beach CA 90802, enter into this First Assumption and Loan Modification Agreement (“Assumption”) as of the execution date stated below.

RECITALS

A. The Redevelopment Agency of the City of Sacramento (“Redevelopment Agency”) and Developer entered into that certain Construction and Permanent Loan Agreement (“Loan Agreement”) dated as of August 10, 2009, providing for a loan to Developer in the principal amount of Five Hundred Eighty Thousand Dollars and No Cents (\$580,000.00) for development of the project described in the Loan Agreement (“Project”) on that certain real property (“Property”) described in the Loan Agreement. The Property is more particularly described in the Legal Description attached to this Assumption Agreement as Exhibit 1.

B. In 2011 the California Legislature enacted AB 1x 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.

C. The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.

D. Pursuant to the Loan Agreement, the Redevelopment Agency and Original Borrower entered into the Promissory Note (“Note”) dated as of August 10, 2009, Regulatory Agreement for the Project (“Regulatory Agreement”) dated as of August 10, 2009, and Deed of Trust and Assignment of Rents (“Deed of Trust”), dated as of August 10, 2009 (collectively, “Loan Documents”).

E. Original Borrower is obtaining financing in addition to the previous Redevelopment Agency financing, and the new financing requires Original Borrower to take title to the Property as a single-asset entity. To fulfill the requirement, Original Borrower formed New Borrower to take title to the Property and assume the Loan. The parties desire that the Project go forward and are, therefore, entering into this Assumption Agreement. New Borrower has taken title to the Property from Original Borrower (“Transfer”). By this Assumption Agreement, New Borrower

is assuming all of the rights, title, interests and obligations of Original Borrower under the Loan Agreement.

F. Original Borrower has represented to the Lender that the Loan must continue for the life of the Project, because other Project funding is not available, and Lender will continue its loan subject to the provisions of this Assumption Agreement.

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

1. **CONSENT TO TRANSFER.** Subject to satisfaction of all of the conditions contained in this Assumption Agreement, Lender consents to the Transfer. This consent is strictly limited to the Transfer described in this Assumption Agreement. This Assumption Agreement shall not constitute a waiver or modification of any requirement of obtaining Lender's consent to any future transfer of the Property or any portion of or interest in it, nor shall it constitute a modification of the terms, provisions, or requirements in the Loan Documents in any respect except as expressly provided in this Assumption Agreement. LINC-Taylor Terrace Apartments Housing Investors, LP specifically acknowledges that any subsequent transfer of any interest in any of the Property or interest in New Borrower in violation of the Loan Documents shall be a default of the Loan.
2. **TITLE ENDORSEMENT.** At Closing, New Borrower shall (a) cause Lawyers Title Insurance Company to issue such endorsement to Lender's mortgagee's title insurance policy in such form as Lender may require ("Title Endorsement"), including showing that the New Borrower is the owner of the Property, changing the effective date of such title policy to the date of the Closing, and showing that the Loan Documents are in a lien position subject only to the lien of lienholders approved by Lender in writing, and (b) pay the cost of the Title Endorsement, any escrow, filing or recording fees applicable to this transaction, and Lender's costs and expenses incurred in connection with this Agreement or this transaction, including Lender's attorneys' fees, if any, incurred in connection with this Agreement or this transaction.
3. **NEW BORROWER'S ASSUMPTION OF LOAN; FINANCING STATEMENTS.** New Borrower expressly assumes the obligation to pay the unpaid balance due and owing on the Loan, all interest on the Loan, as provided in the Note, and all other obligations under the Loan Documents, with the same force and effect as if New Borrower had been specifically named therein as the original maker, borrower or grantor, as applicable. Without limiting the generality of the foregoing, New Borrower expressly assumes the obligation to pay all Loan installments as they become due and to observe all obligations of the Loan Documents. New Borrower's assumption of the foregoing obligations (a) is absolute, unconditional and is not subject to any defenses, waivers, claims or offsets, (b) shall not be affected or impaired by any agreement, condition, statement or representation of any person or entity other than Lender. New Borrower expressly agrees that it has read, approved and will comply with and is bound by all of the terms, conditions, and provisions contained in the Loan Documents. New Borrower specifically agrees that if the Note is recourse, Lender's remedies shall not in any respect or extent be limited solely to the Property or any other collateral securing the Loan.
4. **LOAN MODIFICATIONS.** Concurrently with the execution of this Assumption Agreement, the Lender and New Borrower shall enter into the attached First Amended Promissory Note, the

First Amendment to Regulatory Agreement, and the First Amendment to Deed of Trust and Assignment of Rents (collectively, "Amended Documents"), which are attached to this Assumption Agreement as Exhibit 2 and incorporated in this Assumption Agreement by this reference. The Loan Agreement is hereby modified to conform to the provisions of the Amended Documents.

a. **ADDITIONAL LOAN MODIFICATION.** The Special Terms, on page 1 of the Original Loan Agreement requiring an Administrative fee of fifteen basis points (0.15%) are hereby deleted and no Administrative fee going forward from the date of this Agreement is due or payable.

5. **NO REPRESENTATIONS OF LENDER.** Lender has made no representations or warranties, either express or implied regarding the Property and has no responsibility whatsoever with respect to the Property, its condition, or its use, occupancy or status, and no claims relating to the Property, its condition, or its use, occupancy or status, will be asserted against Lender or its agents, employees, professional consultants, affiliated entities, successors or assigns, either affirmatively or as a defense.

6. **RELEASE OF ORIGINAL BORROWER.** Lender releases Original Borrower from all liability and obligations under the Loan Documents arising from and after the Closing, including, but not limited to, repayment of the Loan, but excepting, without limitation (i) any environmental or other damage to the Property occurring prior to the Closing, (ii) any obligations arising from the Purchase Agreement, (iii) any liability related to or arising from Seller's or Seller's Principal's acts or omissions occurring prior to the Closing, and (iv) any liability related to or arising from fraudulent or tortious conduct, including intentional misrepresentation of financial data presented to Lender.

7. **RELEASE OF LENDER.** Original Borrower and New Borrower for themselves and for their respective agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys (collectively, the "Releasing Parties") jointly and severally release and forever discharge Lender and its successors, assigns, partners, directors, officers, employees, agents, attorneys, administrators, trustees, subsidiaries, affiliates, beneficiaries, shareholders and representatives from all liabilities, obligations, costs, expenses, claims and damages, at law or in equity, known or unknown, which any of the Releasing Parties may now or hereafter hold or claim to hold under common law or statutory right, arising in any manner out of the Property, the Loan, any of the Loan Documents or any of the documents, instruments or any other transactions relating thereto or the transactions contemplated thereby, excepting only matters which arise after the date of this Agreement and which are not continuing claims and liabilities arising prior to the date of this Agreement. Without limiting the generality of the foregoing, this release shall include the following matters: (a) all aspects of this Agreement and the Loan Documents, any negotiations, demands or requests with respect thereto, and (b) Lender's exercise or attempts to exercise any of its rights under this Agreement or any of the Loan Documents, at law or in equity. The Releasing Parties agree that this release is a full, final and complete release and that it may be pleaded as an absolute bar to any or all suit or suits pending or which may thereafter be filed or prosecuted by any of the Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties. The Releasing Parties agree that this release is binding upon each of them and their respective agents, employees,

representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys.

8. **RATIFICATION AND CONFIRMATION OF THE LOAN.** New Borrower agrees to perform each and every obligation under the Loan Documents, as specifically modified by this Agreement, in accordance with their respective terms and conditions. New Borrower ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Loan Documents, as specifically modified by this Agreement, remain in full force and effect and represent legal, valid and binding obligations of New Borrower, enforceable against New Borrower in accordance with their terms. New Borrower agrees that this Agreement does not diminish, impair, release or relinquish the liens, powers, titles, security interests and rights securing or guaranteeing payment of the Loan, including the validity or first priority of the liens and security interests encumbering the Property granted Lender by the Loan Documents.

9. **NONWAIVER.** The parties acknowledge and agree that (a) any performance or non-performance of the Loan Documents prior to the date of this Agreement does not affect or diminish Lender's ability to require future compliance with the Loan Documents, and (b) in the future, Lender will require strict compliance with and performance of the Loan Documents. Nothing contained in this Agreement shall be construed as a waiver of any of Lender's rights or remedies with respect to any default under this Agreement or any Loan Document.

10. **SEVERABILITY.** If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or condition and the validity or enforceability of the remaining terms, covenants or conditions shall not in any way be affected.

11. **AUTHORIZATION.** By executing this Assumption Agreement, each of the signatories represents and warrants, respectively, that they are authorized to execute this Assumption Agreement on behalf of the respective named party and the respective named party is authorized to enter into this Assumption Agreement.

IN WITNESS WHEREOF, the parties have caused this Consent and Assumption Agreement with Release to be executed by their duly authorized representatives as of August __, 2012.

LENDER

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

ORIGINAL BORROWER

LINC-TAYLOR TERRACE APARTMENTS, LLC

A California limited liability company

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NEW BORROWER

LINC-Taylor Terrace Apartments Housing Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NO FEE DOCUMENT:
Entitled to free recording
per Govt.C. §27383

When recorded, return to:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street
Sacramento, CA 95814
Attn: Joel Riphagen

**FIRST AMENDMENT TO REGULATORY AGREEMENT
TAYLOR TERRACE APARTMENTS
APNs: 237-0180-059-0000 AND 237-0192-001-0000**

AS OF THE DATE WRITTEN IN THE LAST SENTENCE BELOW, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE "AGENCY ", THE "BORROWER" AND THE "NEW BORROWER" (DEFINED BELOW) ENTER INTO THIS "AMENDMENT" AND AMEND THE "AGREEMENT" (DEFINED BELOW) AS FOLLOWS:

1. "Agency" is Housing Authority of the City of Sacramento, a public body, corporate and politic, which has the address of 801 12th Street, Sacramento, California 95814
2. "Borrower" is LINC-Taylor Terrace Apartments, LLC, limited partnership, which has the address of 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
3. "Agreement" is the Regulatory Agreement for Residential Rental Property Containing Covenants Affecting Real Property between Agency and Borrower, dated August 10, 2009, recorded on August 14, 2009, commencing at Page 0931 of Book 20090814 in the Official Records of the County Recorder of the County of Sacramento, regarding that certain real property described in the attached Legal Description attached to and incorporated in this Amendment by this reference.
4. The Agreement is amended in the following respects:
 - a. The name of the Borrower is changed to LINC-Taylor Terrace Apartments Housing Investors, LP, a limited partnership ("New Borrower").
 - b. The address of the New Borrower is 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
 - c. The Housing Authority of the City of Sacramento has been named as the Successor Housing Agency to the Redevelopment Agency of the City of Sacramento
5. No rights, obligations or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.
6. All other terms of the Agreement shall remain the same.

Executed in Sacramento, California.

BORROWER

LINC-Taylor Terrace Apartments, LLC
A California limited liability company

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

AGENCY

Housing Authority of the City of Sacramento

By: _____
LaShelle Dozier, Executive Director

Date: _____

By: _____
Hunter L. Johnson, President

Date: _____

NEW BORROWER:

LINC-Taylor Terrace Apartments Housing
Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

Date: _____

**FIRST AMENDED AND RESTATED PROMISSORY NOTE
FOR TAYLOR TERRACE APARTMENTS
CONSTRUCTION AND PERMANENT LOAN AGREEMENT (2009)**

- A. **BORROWER HAS MADE THIS FIRST AMENDED AND RESTATED 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's making this Note and delivering it to Lender.
- B. In 2011 the California Legislature enacted AB 1X 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- C. The City of Sacramento previously established the Redevelopment Agency of the City of Sacramento, a body corporate and politic ("Redevelopment Agency" or RDA) in order to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City.
- D. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.
- E. On January 31, 2012 the PHA affirmatively elected pursuant to Health and Safety Code Section 34176 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- F. The Housing Authority of the City of Sacramento is, therefore, the successor lender to the Redevelopment Agency of the City of Sacramento.

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"	LINC-Taylor Terrace Apartments Housing Investors, LP	
"Borrower Legal Status"	limited partnership	
"Original Loan Agreement"	The Construction and Permanent Loan Agreement between the Borrower and The Redevelopment Agency of the City of Sacramento as of the Effective Date for making of the loan ("Loan") evidenced by this Note dated as of the following date and in the following principal amount.	Date: August 10, 2009
		Amount: \$580,000
"Amendment"	The First Amendment to Loan; Notice of Extension of Term Secured by Deed of Trust which amended the Original Loan Agreement and related Loan documents, dated as of the following date:	
"Loan Agreement"	The Original Loan Agreement as Amended by the Amendment	

PROMISSORY NOTE

"Principal Amount"	\$580,000, of which \$ is outstanding as of the Effective Date	
"Interest Rate"	The interest rate is 4% per year, simple interest.	
"Accrual Date"	Interest shall accrue starting on the following "Accrual Date":	The Effective Date
"Special Terms"	none	
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:		
"Maturity Date"	June 15, 2049	
"Payment Start Date"	Payments according to residual receipts payment schedule as outlined in Payment Amount(s).	
"Payment Amount(s)"	Payments of principal and interest on the Loan shall be paid from residual receipts according to the requirements of the Department of Housing and Community Development (HCD) under the Rental Housing Construction Program. Lender shall receive payments from Net Cash Flow, as defined in the HCD Rental Housing Construction Program Regulatory Agreement dated September 17, 1993, with Lender receiving 75.0% of Net Cash Flow as described in the Second Amendment to Regulatory Agreement dated for reference purposes August 1, 2009. 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, fees and charges.	

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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 date of each advance by Lender to Borrower at 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.

Borrower shall make payments monthly in the amounts shown in the Payment Schedule, on the first day of each month, beginning on the First Payment Date and continuing for the number of payments shown in the Payment Schedule, as defined in the Loan Agreement. On the Maturity Date, the unpaid balance of said principal sum, if any, together with all unpaid interest, fees and charges due, if any, shall become due and payable. 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.

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

3. This Note is secured by a Deed of Trust 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

PROMISSORY NOTE

Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.

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

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

- a. Borrower defaults in the payment of any principal or interest when due.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
- c. Lender discovers that Borrower had made any misrepresentations or failed to disclose any fact in the Loan Agreement, this Note or the Trust Deed that would affect the interests of Lender.
- d. Borrower defaults or breaches any of the terms of Loan Agreement, this Note, the Trust Deed or the Regulatory Agreement.
- 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, his/her inability to pay his/her debts as they mature or making a general assignment of or entering into any arrangement with creditors.
 - 2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.
 - 3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

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

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

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

9. It is the intent of the parties that this Loan be a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

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

PROMISSORY NOTE

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

Borrower:

LINC-Taylor Terrace Apartments Housing Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NO FEE DOCUMENT:
Entitled to free recording
per Govt.C. §27383

When recorded, return to:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street
Sacramento, CA 95814
Attn: Joel Riphagen

FIRST AMENDMENT TO TRUST DEED
TAYLOR TERRACE APARTMENTS
APNs: 237-0180-059-0000 AND 237-0192-001-0000

AS OF THE _____, 2012, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE "AGENCY", THE "BORROWER" AND THE "NEW BORROWER" (DEFINED BELOW) ENTER INTO THIS "AMENDMENT" AND AMEND THE "TRUST DEED" (DEFINED BELOW) AS FOLLOWS:

1. "Agency" is Housing Authority of the City of Sacramento, a public body, corporate and politic, which has the address of 801 12th Street, Sacramento, California 95814
2. "Borrower" is LINC-Taylor Terrace Apartments, LLC, limited partnership, which has the address of 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
3. "Trustor" is Commonwealth Land Title Insurance Company, which has the address of 2150 John Glenn Drive, Suite 400, Concord, CA 94520.
4. "Trust Deed" is the Deed of Trust and Assignment of Rents made by Borrower for the benefit of Agency, as successor in interest to the Beneficiary thereunder, dated August 10, 2009 and recorded on August 14, 2009, in book 20090814, on page 0932 of the Official Records for Sacramento County, California.
5. The Trust Deed is amended in the following respects:
 - a. The name of the Borrower is changed to LINC-Taylor Terrace Apartments Housing Investors, LP, a limited partnership ("New Borrower").
 - b. The address of the New Borrower is 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
 - c. Substitution of the Trustee: Lawyers Title Insurance Company replaces Chicago Title Company.
 - d. The Beneficiary is changed from the Redevelopment Agency of the City of Sacramento to the Housing Authority of the City of Sacramento as it is the Successor Housing Agency to the Redevelopment Agency of the City of Sacramento.

e. The following new Section 25 is hereby added to the Deed of Trust, the terms of which Agency hereby approve and agree to:

25. Limited Partner Provisions. Notwithstanding anything to the contrary in the Loan Documents (as defined in the Loan Agreement), the Loan and the Loan Documents are subject to the following terms and provisions:

(a) [limited partner name] ("Limited Partner") shall have the right, but not the obligation, to cure any defaults of Borrower hereunder, and Lender agrees to accept cures tendered by the Limited Partner on behalf of Borrower within the cure periods described in Section 25(b) below.

(b) Limited Partner shall have the right to cure all defaults hereunder within thirty (30) days after receipt of notice thereof. However, if a default is non-monetary and is not reasonably capable of being cured within thirty (30) days, then Limited Partner shall have up to but not exceeding ___ days to cure such default provided that Limited Partner has commenced and is diligently proceeding to cure such default within thirty (30) days.

(c) 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:

[limited partner address]

(d) Borrower and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "**TCAC Regulatory Agreement**"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "**Code**"). In the event of a foreclosure of Beneficiary's interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "**Foreclosure**"), the following rule shall apply: In the event of a Foreclosure, throughout the extended use period specified in the TCAC Regulatory Agreement, with respect to any unit that had been regulated by the TCAC Regulatory 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 the Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

(e) The removal and replacement of Borrower's general partner by Limited Partner pursuant to the terms of Borrower's partnership agreement shall not require the consent of Lender and shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan; provided, however, that Lender shall have the right to approve the substitute general partner, which approval shall not be unreasonably withheld. The substitute general partner shall assume all of the rights and obligations of the removed general partner.

(f) No consent shall be required of Lender (and it shall not be deemed an event of default under any of the Loan Documents), in connection with the transfer and/or the assignment by Limited Partner of all or any portion of its interest in Borrower.

(g) In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Borrower shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefor.

(h) The liability of Borrower under the Loan Documents and with respect to the Loan shall be nonrecourse.

(i) Lender hereby approves of any sale or transfer of the Property, or sale or transfer of an interest in Borrower, pursuant to the [describe option and right of first refusal agreement], and any such transfer shall not trigger an acceleration under the Loan or a default under the Loan Documents.

6. No rights, obligations or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

7. All other terms of the Trust Deed shall remain the same. Nothing in this Amendment shall change the lien priority of the Trust Deed as to its original terms.

Executed in Sacramento, California as of _____, 2012.

BORROWER
LINC-Taylor Terrace Apartments, LLC
A California limited liability company

AGENCY
Housing Authority of the City of Sacramento
By _____

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

LaShelle Dozier
Executive Director

By: _____
Hunter L. Johnson, President

NEW BORROWER:
LINC-Taylor Terrace Apartments Housing
Investors, LP
a California limited partnership

TRUSTOR
Lawyers Title Insurance Company
By _____

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

Name: _____
Title: _____

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

**SECOND ASSUMPTION AND LOAN MODIFICATION AGREEMENT
1991 LOAN**

TAYLOR TERRACE APARTMENTS

4050 Taylor Street, Sacramento, California

APNs: 237-0180-059-0000 and 237-0192-001-0000

The Housing Authority of the City of Sacramento, a public body corporate and politic, (“Lender”) whose address is 801 12th Street, Sacramento, California 95814, LINC-Taylor Terrace Apartments, LLC, limited liability company (“Developer” or “Original Borrower”) whose address is 110 Pine Street, Suite 500, Long Beach, CA 90802, and LINC-Taylor Terrace Apartments Housing Investors, LP, limited partnership (“New Borrower”) whose address is 110 Pine Avenue, Suite 500, Long Beach CA 90802, enter into this Second Assumption and Loan Modification Agreement (“Assumption”) as of the execution date stated below.

RECITALS

A. The Redevelopment Agency of the City of Sacramento (“Redevelopment Agency”) and Developer entered into that certain Assignment and Assumption and Modification of Loan Documents Agreement dated as of August 13, 2009, whereby Developer assumed a Redevelopment Agency Loan in the form of an Owner Participation Agreement, as it was amended from time to time (collectively “Loan Agreement”), in the amount of Two Hundred and Fifty Thousand Dollars and No Cents (\$250,000.00) for development of the project described in the Loan Agreement (“Project”) on that certain real property (“Property”) described in the Loan Agreement. The Property is more particularly described in the Legal Description attached to this Assumption Agreement as Exhibit 1.

B. In 2011 the California Legislature enacted AB 1x 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.

C. The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.

D. Pursuant to the Loan Agreement, the Redevelopment Agency and Original Borrower assumed the Promissory Note (“Note”) dated as of December 19, 1991, dated as of December 19, 1991, and Deed of Trust and Assignment of Rents (“Deed of Trust”), dated as of December 19, 1991, among other items no longer a lien against the Property and, therefore, not included here (collectively, “Loan Documents”).

E. Original Borrower is obtaining financing in addition to the previous Redevelopment Agency financing, and the new financing requires Original Borrower to take title to the Property as a single-asset entity. To fulfill the requirement, Original Borrower formed New Borrower to take title to the Property and assume the Loan. The parties desire that the Project go forward and

are, therefore, entering into this Assumption Agreement. New Borrower has taken title to the Property from Original Borrower ("Transfer"). By this Assumption Agreement, New Borrower is assuming all of the rights, title, interests and obligations of Original Borrower under the Loan Agreement.

F. Original Borrower has represented to the Lender that the Loan must continue for the life of the Project, because other Project funding is not available, and Lender will continue its loan subject to the provisions of this Assumption Agreement.

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

1. **CONSENT TO TRANSFER.** Subject to satisfaction of all of the conditions contained in this Assumption Agreement, Lender consents to the Transfer. This consent is strictly limited to the Transfer described in this Assumption Agreement. This Assumption Agreement shall not constitute a waiver or modification of any requirement of obtaining Lender's consent to any future transfer of the Property or any portion of or interest in it, nor shall it constitute a modification of the terms, provisions, or requirements in the Loan Documents in any respect except as expressly provided in this Assumption Agreement. LINC-Taylor Terrace Apartments Housing Investors, LP specifically acknowledges that any subsequent transfer of any interest in any of the Property or interest in New Borrower in violation of the Loan Documents shall be a default of the Loan.
2. **TITLE ENDORSEMENT.** At Closing, New Borrower shall (a) cause Laywers Title Insurance Company to issue such endorsement to Lender's mortgagee's title insurance policy in such form as Lender may require ("Title Endorsement"), including showing that the New Borrower is the owner of the Property, changing the effective date of such title policy to the date of the Closing, and showing that the Loan Documents are in a lien position subject only to the lien of lienholders approved by Lender in writing, and (b) pay the cost of the Title Endorsement, any escrow, filing or recording fees applicable to this transaction, and Lender's costs and expenses incurred in connection with this Agreement or this transaction, including Lender's attorneys' fees, if any, incurred in connection with this Agreement or this transaction.
3. **NEW BORROWER'S ASSUMPTION OF LOAN; FINANCING STATEMENTS.** New Borrower expressly assumes the obligation to pay the unpaid balance due and owing on the Loan, all interest on the Loan, as provided in the Note, and all other obligations under the Loan Documents, with the same force and effect as if New Borrower had been specifically named therein as the original maker, borrower or grantor, as applicable. Without limiting the generality of the foregoing, New Borrower expressly assumes the obligation to pay all Loan installments as they become due and to observe all obligations of the Loan Documents. New Borrower's assumption of the foregoing obligations (a) is absolute, unconditional and is not subject to any defenses, waivers, claims or offsets, (b) shall not be affected or impaired by any agreement, condition, statement or representation of any person or entity other than Lender. New Borrower expressly agrees that it has read, approved and will comply with and is bound by all of the terms, conditions, and provisions contained in the Loan Documents. New Borrower specifically agrees that if the Note is recourse, Lender's remedies shall not in any respect or extent be limited solely to the Property or any other collateral securing the Loan.

4. **LOAN MODIFICATIONS.** Concurrently with the execution of this Assumption Agreement, the Lender and New Borrower shall enter into the attached First Amended Promissory Note, and the First Amendment to Deed of Trust and Assignment of Rents (collectively, "Amended Documents"), which are attached to this Assumption Agreement as Exhibit 2 and incorporated in this Assumption Agreement by this reference. The Loan Agreement is hereby modified to conform to the provisions of the Amended Documents. Effective as of the date hereof, Section 12.2.7 of the Loan Agreement is hereby amended and restated to read as follows: "'Developer' is LINC Housing Corporation, a California nonprofit public benefit corporation. The principal office of the Developer is located at 110 Pine Street, Suite 500, Long Beach, CA 90802."

a. **EXTENSION OF MATURITY DATE.** The Maturity Date on page 1 of the Original Loan Agreement is extended from its original Maturity Date of 480 months. The new Maturity Date is 378 months from the date of this Second Assumption and Loan Modification Agreement.

5. **NO REPRESENTATIONS OF LENDER.** Lender has made no representations or warranties, either express or implied regarding the Property and has no responsibility whatsoever with respect to the Property, its condition, or its use, occupancy or status, and no claims relating to the Property, its condition, or its use, occupancy or status, will be asserted against Lender or its agents, employees, professional consultants, affiliated entities, successors or assigns, either affirmatively or as a defense.

6. **RELEASE OF ORIGINAL BORROWER.** Lender releases Original Borrower from all liability and obligations under the Loan Documents arising from and after the Closing, including, but not limited to, repayment of the Loan, but excepting, without limitation (i) any environmental or other damage to the Property occurring prior to the Closing, (ii) any obligations arising from the Purchase Agreement, (iii) any liability related to or arising from Seller's or Seller's Principal's acts or omissions occurring prior to the Closing, and (iv) any liability related to or arising from fraudulent or tortious conduct, including intentional misrepresentation of financial data presented to Lender.

7. **RELEASE OF LENDER.** Original Borrower and New Borrower for themselves and for their respective agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys (collectively, the "Releasing Parties") jointly and severally release and forever discharge Lender and its successors, assigns, partners, directors, officers, employees, agents, attorneys, administrators, trustees, subsidiaries, affiliates, beneficiaries, shareholders and representatives from all liabilities, obligations, costs, expenses, claims and damages, at law or in equity, known or unknown, which any of the Releasing Parties may now or hereafter hold or claim to hold under common law or statutory right, arising in any manner out of the Property, the Loan, any of the Loan Documents or any of the documents, instruments or any other transactions relating thereto or the transactions contemplated thereby, excepting only matters which arise after the date of this Agreement and which are not continuing claims and liabilities arising prior to the date of this Agreement. Without limiting the generality of the foregoing, this release shall include the following matters: (a) all aspects of this Agreement and the Loan Documents, any negotiations, demands or requests with respect thereto, and (b) Lender's exercise or attempts to exercise any of its rights under this Agreement or any of the Loan Documents, at law or in equity. The Releasing Parties agree that this release is a full, final

and complete release and that it may be pleaded as an absolute bar to any or all suit or suits pending or which may thereafter be filed or prosecuted by any of the Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties. The Releasing Parties agree that this release is binding upon each of them and their respective agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys.

8. **RATIFICATION AND CONFIRMATION OF THE LOAN.** New Borrower agrees to perform each and every obligation under the Loan Documents, as specifically modified by this Agreement, in accordance with their respective terms and conditions. New Borrower ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Loan Documents, as specifically modified by this Agreement, remain in full force and effect and represent legal, valid and binding obligations of New Borrower, enforceable against New Borrower in accordance with their terms. New Borrower agrees that this Agreement does not diminish, impair, release or relinquish the liens, powers, titles, security interests and rights securing or guaranteeing payment of the Loan, including the validity or first priority of the liens and security interests encumbering the Property granted Lender by the Loan Documents.

9. **NONWAIVER.** The parties acknowledge and agree that (a) any performance or non-performance of the Loan Documents prior to the date of this Agreement does not affect or diminish Lender's ability to require future compliance with the Loan Documents, and (b) in the future, Lender will require strict compliance with and performance of the Loan Documents. Nothing contained in this Agreement shall be construed as a waiver of any of Lender's rights or remedies with respect to any default under this Agreement or any Loan Document.

10. **SEVERABILITY.** If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or condition and the validity or enforceability of the remaining terms, covenants or conditions shall not in any way be affected.

11. **AUTHORIZATION.** By executing this Assumption Agreement, each of the signatories represents and warrants, respectively, that they are authorized to execute this Assumption Agreement on behalf of the respective named party and the respective named party is authorized to enter into this Assumption Agreement.

IN WITNESS WHEREOF, the parties have caused this Consent and Assumption Agreement with Release to be executed by their duly authorized representatives as of August __, 2012.

LENDER

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

ORIGINAL BORROWER

LINC-TAYLOR TERRACE APARTMENTS, LLC
A California limited liability company

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NEW BORROWER

LINC-Taylor Terrace Apartments Housing Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383

When recorded, return to:

Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, California 95814
Attention: Joel Riphagen

RELEASE OF RESTRICTIONS CONTAINED IN REGULATORY AGREEMENT

Taylor Terrace Apartments
4050 Taylor Street, Sacramento, California
APNs: 237-0180-059-0000 and 237-0192-001-0000

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") and Taylor Terrace Limited, a California limited partnership ("Owner") entered into the Agreement Containing Covenants Affecting Real Property Regulatory Agreement ("Agreement Containing Covenants") on December 19, 1991 between the Agency and Owner, which was recorded on December 24, 1991 at Book 911224, commencing at Page 0171 against that certain real property ("Property") located at 4050 Taylor Avenue, Sacramento, California as described in the Legal Description attached to and incorporated in this document by this reference;

WHEREAS, the Redevelopment Agency and Owner entered into the Regulatory Agreement With Rental Resale Restrictions ("Regulatory Agreement") on September 9, 1992 between the Agency and Owner which was recorded on September 11, 1992 at Book 920911, commencing at Page 0948 against that Property in the Official Records of Sacramento County, California;

Whereas, a First Amendment to Regulatory Agreement with Rental and Resale Restrictions was executed on May 10, 1995 and recorded on September 6, 1995 in Book 19950906 on Page 0747 in the Official Records of Sacramento County, California (collectively the Regulatory Agreement and its First Amendment are hereafter "Regulatory Agreement");

Whereas, a new regulatory agreement with a fifty-five (55) year term regulating the Property was entered into on August 10, 2009 by and between Agency and a new owner LINC-Taylor Terrace Apartments LLC, and which new regulatory agreement shall remain on title and in full force and effect and is not released herein or hereby, the requirements of the Agreement Containing Covenants and the Regulatory Agreement are satisfied completely so as to justify termination of the affordability restrictions contained in the Agreement Containing Covenants and the Regulatory Agreement;

WHEREAS, in 2011 the California Legislature enacted AB 1x 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012; and

WHEREAS, the City of Sacramento, by Resolution Number 2012-018 (adopted on January

31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.

NOW, THEREFORE, the Housing Authority As Successor Agency to the Redevelopment Agency of the City of Sacramento hereby releases and terminates, with regard to the Property, both the Agreement Containing Covenants and the Regulatory Agreement, and these documents are of no further force or effect with regard to the Property as they are replaced by the August 10, 2009 regulatory agreement.

IN WITNESS WHEREOF, this Release has been executed in Sacramento County this ____ day of _____, _____.

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO AS SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

[ACKNOWLEDGMENTS]

**FIRST AMENDED AND RESTATED PROMISSORY NOTE
FOR TAYLOR TERRACE APARTMENTS
CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

- A. **BORROWER HAS MADE THIS FIRST AMENDED AND RESTATED 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's making this Note and delivering it to Lender.
- B. In 2011 the California Legislature enacted AB 1X 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- C. The City of Sacramento previously established the Redevelopment Agency of the City of Sacramento, a body corporate and politic ("Redevelopment Agency" or RDA) in order to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City.
- D. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.
- E. On January 31, 2012 the PHA affirmatively elected pursuant to Health and Safety Code Section 34176 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- F. The Housing Authority of the City of Sacramento is, therefore, the successor lender to the Redevelopment Agency of the City of Sacramento.

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"	LINC-Taylor Terrace Apartments Housing Investors, LP	
"Borrower Legal Status"	limited partnership	
"Original Loan Agreement"	The Owner Participation Agreement between the Borrower and The Redevelopment Agency of the City of Sacramento as of the Effective Date for making of the loan ("Loan") evidenced by this Note dated as of the following date and in the following principal amount.	Date: December 19, 1991
		Amount: \$250,000
"Amendment"	The Second Assumption and Loan Modification Agreement, and the First Amendment to Trust Deed, which amended the Original Loan Agreement and related Loan documents, dated as of the following date:	
"Loan Agreement"	The Owner Participation Agreement as it has been amended from time to time	
"Principal Amount"	\$250,000, of which \$ is outstanding as of the Effective Date.	

PROMISSORY NOTE

“Interest Rate”	The interest rate is 3% per year, compounded annually.	
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”:	The Effective Date
“Special Terms”	none	
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:		
“Maturity Date”	January 1, 2034	
“Payment Start Date”	The first day of the 1st calendar month following the Effective Date.	
“Payment Amount(s)”	The Loan balance shall be payable monthly, in equal monthly installments commencing on the Payment Start Date and continuing on the first day of each calendar month thereafter, through and including January 1, 2034.	

///

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 date of each advance by Lender to Borrower at 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.

Borrower shall make payments monthly in the amounts shown in the Payment Schedule, on the first day of each month, beginning on the First Payment Date and continuing for the number of payments shown in the Payment Schedule, as defined in the Loan Agreement. On the Maturity Date, the unpaid balance of said principal sum, if any, together with all unpaid interest, fees and charges due, if any, shall become due and payable. 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.

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

3. This Note is secured by a Deed of Trust 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, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.

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

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

- a. Borrower defaults in the payment of any principal or interest when due.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.

PROMISSORY NOTE

c. Lender discovers that Borrower had made any misrepresentations or failed to disclose any fact in the Loan Agreement, this Note or the Trust Deed that would affect the interests of Lender.

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

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, his/her inability to pay his/her debts as they mature or making a general assignment of or entering into any arrangement with creditors.

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

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

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

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

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

9. It is the intent of the parties that this Loan be a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note 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 Effective Date.

Borrower:

LINC-Taylor Terrace Apartments Housing Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

NO FEE DOCUMENT:

Entitled to free recording
per Govt.C. §27383

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

801 12th Street

Sacramento, CA 95814

Attn: Joel Riphagen

FIRST AMENDMENT TO TRUST DEED

TAYLOR TERRACE APARTMENTS

APNs: 237-0180-059-0000 AND 237-0192-001-0000

AS OF THE _____, 2012, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE "AGENCY", THE BORROWER AND THE "NEW BORROWER" (DEFINED BELOW) ENTER INTO THIS "AMENDMENT" AND AMEND THE "TRUST DEED" (DEFINED BELOW) AND SUBSTITUTE THE TRUSTEE AS FOLLOWS:

1. "Agency" is Housing Authority of the City of Sacramento, a public body, corporate and politic, which has the address of 801 12th Street, Sacramento, California 95814
2. "Borrower" is LINC-Taylor Terrace Apartments, LLC, limited partnership, which has the address of 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
3. "Trustor" is Commonwealth Land Title Insurance Company, which has the address of 2150 John Glenn Drive, Suite 400, Concord, CA 94520.
4. "Trust Deed" is the Deed of Trust and Assignment of Rents between Agency and Borrower, dated December 19, 1991 and was recorded on December 24, 1991, in book 911224, on page 0172 of the Official Records for Sacramento County, California.
5. The Trust Deed is amended in the following respects:
 - a. The name of the Borrower is changed to LINC-Taylor Terrace Apartments Housing Investors, LP, a limited partnership ("New Borrower").
 - b. The address of the New Borrower is 110 Pine Avenue, Suite 500, Long Beach, CA 90802.
 - c. Substitution of the Trustee: Commonwealth Land Title Insurance Company replaces Chicago Title Company.
 - d. The Beneficiary is changed from the Redevelopment Agency of the City of Sacramento to the Housing Authority of the City of Sacramento as it is the Successor Housing Agency to the Redevelopment Agency of the City of Sacramento.

e. The following new Section 24 is hereby added to the Deed of Trust, the terms of which Agency hereby approve and agree to:

24. Limited Partner Provisions. Notwithstanding anything to the contrary in this Deed of Trust, the OPA, the Note, and any other document evidencing the Loan (as defined in the OPA) (collectively, the "**Loan Documents**"), the Loan and the Loan Documents are subject to the following terms and provisions:

(a) [limited partner name] ("Limited Partner") shall have the right, but not the obligation, to cure any defaults of Borrower hereunder, and Lender agrees to accept cures tendered by the Limited Partner on behalf of Borrower within the cure periods described in Section 24(b) below.

(b) Limited Partner shall have the right to cure all defaults hereunder within thirty (30) days after receipt of notice thereof. However, if a default is non-monetary and is not reasonably capable of being cured within thirty (30) days, then Limited Partner shall have up to but not exceeding ___ days to cure such default provided that Limited Partner has commenced and is diligently proceeding to cure such default within thirty (30) days.

(c) 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:

[limited partner address]

(d) Borrower and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "**TCAC Regulatory Agreement**"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "**Code**"). In the event of a foreclosure of Beneficiary's interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "**Foreclosure**"), the following rule shall apply: In the event of a Foreclosure, throughout the extended use period specified in the TCAC Regulatory Agreement, with respect to any unit that had been regulated by the TCAC Regulatory 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 the Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

(e) The removal and replacement of Borrower's general partner by Limited Partner pursuant to the terms of Borrower's partnership agreement shall not require the consent of Lender and shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan; provided, however, that Lender shall have the right to approve the substitute general partner, which approval shall not be unreasonably withheld. The substitute general partner shall assume all of the rights and obligations of the removed general partner.

(f) No consent shall be required of Lender (and it shall not be deemed an event of default under any of the Loan Documents), in connection with the transfer and/or the assignment by Limited Partner of all or any portion of its interest in Borrower.

(g) In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Borrower shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefor.

(h) The liability of Borrower under the Loan Documents and with respect to the Loan shall be nonrecourse.

(i) Lender hereby approves of any sale or transfer of the Property, or sale or transfer of an interest in Borrower, pursuant to the [describe option and right of first refusal agreement], and any such transfer shall not trigger an acceleration under the Loan or a default under the Loan Documents.

(j) It is the intent of the parties that the Loan be a nonrecourse loan, and notwithstanding any provision of the Loan Documents or any document evidencing or securing the Loan, Borrower, and Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation under the Loan Documents.

6. No rights, obligations or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

7. All other terms of the Trust Deed shall remain the same. Nothing in this Amendment shall change the lien priority of the Trust Deed as to its original terms.

Executed in Sacramento, California as of _____, 2012.

BORROWER

LINC-Taylor Terrace Apartments, LLC
A California limited liability company

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

AGENCY

Housing Authority of the City of Sacramento
By _____

LaShelle Dozier
Executive Director

By: _____
Hunter L. Johnson, President

NEW BORROWER:

LINC-Taylor Terrace Apartments Housing
Investors, LP
a California limited partnership

By: LINC-Taylor Terrace Apartments LLC
A California limited liability company
Its Managing General Partner

By: LINC Housing Corporation,
A California nonprofit public benefit corporation
Its Manager

By: _____
Hunter L. Johnson, President

TRUSTOR

Lawyers Title Insurance Company
By _____

Name: _____
Title: _____

RESOLUTION NO. 2012 -

Adopted by the Sacramento City Council

On date of

TAYLOR TERRACE APARTMENTS: APROVING THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in an principal amount not to exceed \$9,000,000 (the "Obligations") for the purpose, among other things, of making a loan to LINC Housing Corporation, a California nonprofit public benefit corporation, or such other California limited liability company or limited partnership to be formed by LINC Housing Corporation ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of a 168-unit multifamily housing facility located at 4050 Taylor Street, Sacramento, California (the "Project"); and
- B. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, rehabilitation and development of multifamily rental housing facilities to be occupied in part by low and/or very low income tenants; and
- C. In order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and
- D. This City Council is the elected legislative body of the City; and
- E. A notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and
- F. This City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and

- G. It is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition and rehabilitation of the Project;
- H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

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

- Section 1. The City hereby finds and determines that the foregoing recitals are true and correct.
- Section 2. Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.
- Section 3. This resolution shall take effect upon its adoption.