

Exhibit 3 – Individual Regulatory Agreement Form

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 6103.
When recorded, return to:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
630 "I" Street
Sacramento, CA 95814
Atten: Portfolio Management

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

INCLUDING CONDITIONS PRECEDENT TO RESALE

PROJECT NAME:	Cornerstone, a Habitat for Humanity of Greater Sacramento Community
PROPERTY ADDRESS:	***Property Address***
APN:	

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

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

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS INDIVIDUAL REGULATORY AGREEMENT AS OF THE EFFECTIVE DATE. This Individual Regulatory Agreement includes Exhibits listed below, which are attached to and incorporated in this Individual Regulatory Agreement by this reference

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

TERM	DEFINITION
"Effective Date"	This Individual Regulatory Agreement shall be effective as of the following date (which is the date for recordation of the Regulatory Agreement for Development of Homeownership Property under which this is issued):
"Agency"	The Housing Authority of the County of Sacramento, a public body, corporate and politic and Sacramento Housing and Redevelopment Agency, a joint powers agency
"Owner"	
"Agency Address"	Agency's business address is 801 12 th Street, Sacramento, California 95814
"Owner Address" and "Property Address"	Owner's address is as follows:
"Jurisdiction"	County of Sacramento

“Property” or “Restricted Unit”	That certain real property which is subject to this Individual Regulatory Agreement having the Property Address and as further described in the legal description, attached as Attachment 1 – Legal Description and incorporated in this Individual Regulatory Agreement by this reference		
“Funding Agreement”	The Funding Agreements between Agency and Developer as follows:	Titled:	Conditional Grant Agreement; and Disposition and Development Agreement
		Dated:	May 1, 2021
“Agency Funding”	The funding provided by Agency to Developer under the Funding Agreement for development of the Property.		
“Developer”	Habitat for Humanity of Greater Sacramento		
“Developer Address”	819 North 10th Street, Sacramento, CA 95811		
“Funding Amount”	The total amount of Agency Funding for the project that included the Property, which amount is as follows:		\$1,175,000.00
“Funding Source”	The source of the funds that Agency has used to make the Loan, as follows:		Neighborhood Stabilization Program (NSP) and Affordable Housing Fund (AHF)
“Funding Requirements”	The legal restrictions on the use of the funds that Agency has used to make the Loan, as applicable to and restricting the Property. The Funding Requirements are set out in Attachment 2 – Funding Requirements .		
“Individual Regulatory Agreement”	The agreement containing conditions, covenants and restrictions running with the land and restricting the use and resale of the Restricted Unit as provided in this Individual Regulatory Agreement.		
“Original Purchase Price”	Purchase price paid by the first Owner under this Individual Regulatory Agreement to buy the Property from the developer of the Property.		
“Proportionate Agency Assistance”	The proportion that total Unit Assistance bears to the Original Purchase Price (Unit Assistance/Original Purchase Price)		%
“Affordability Level”	The level of affordability at which this Property is to be restricted.		Very Low-Income or Low Income – 50% or 80% of Area Median adjusted for household size.
“Approved Use”	The only permitted use of the Property, which is as a owner occupied single residential housing unit.		
“Unit Assistance”	Unit Assistance is the amount of Funding Source funds used for this Property. For all purposes of this Individual Regulatory Agreement, the funding provided for this respective Property shall be as specified for “Unit Assistance”.		\$

ARTICLE II GENERAL PROVISIONS

1. REPRESENTATIONS. Agency has provided Agency Funding to develop the Property, subject to the terms of the Funding Agreement. This Individual Regulatory Agreement is a substantial part of the consideration to Agency for providing Agency Funding. The funds used by Agency under the Funding Agreement are funds from public funding sources administered by Agency and their use is subject to certain requirements, some of which are embodied in this Individual Regulatory Agreement. Agency has provided Agency Funding in accordance with the laws, rules, and regulations to which Agency is subject. Agency has made Agency Funding conditioned upon Owner’s agreement, for itself and its successors and assigns, to comply with all provisions of this Individual Regulatory Agreement, including without limitation, the Funding Agreement. Owner has had full opportunity to make itself independently familiar with the limitations and restrictions of this Individual Regulatory Agreement, including without limitation, the Funding Agreement, and Owner accepts them and agrees to comply fully with them.

2. PROHIBITION ON SALE WITHOUT APPROVAL; CONDITION PRECEDENT. Owner is prohibited from selling the Property unless and until: (a) Agency has reviewed and determined that the sales price complies with the Funding Requirements, (b) the sales price to be paid by the buyer on sale shall not exceed the “Maximum Sales Price” as defined in and required by the Funding

Requirements, and (c) the purchaser of the Property has been certified as income eligible by the Agency and has acknowledged and accepted the Individual Regulatory Agreement. For purposes of determining such compliance, the sales price is the amount actually paid to Owner by the purchaser, including all additions or reductions made to the initial purchase price shown in the purchase and sale agreement between Owner and the purchaser. Owner shall receive no consideration for additions or improvements made to the Property, except those improvements (such as the addition of bedrooms) that affect the affordability calculations of the Funding Requirements. Pursuant to Section 9.a above, the foregoing is a condition precedent to any resale of the Property.

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

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

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

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

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

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

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

g. Owner shall not cause and shall not permit discrimination on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

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

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

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

6. TERM. The term of this Individual Regulatory Agreement shall begin on the Effective Date and continue until the terms of all of the covenants, including without limitation, the terms stated in the Funding Requirements, have expired or otherwise been terminated. In any event, the term shall not exceed the longest term specified for any covenant in the Funding Requirements, except for covenants against discrimination which shall continue in perpetuity.

7. TERMINATION IN EVENT OF FORECLOSURE OR INVOLUNTARY SALE. This Individual Regulatory Agreement, and all of the terms herein, shall terminate and be of no further force and effect in the event of: (a) a foreclosure by the senior lender of the lien of a deed of trust on the Property or delivery of a deed in lieu of foreclosure pursuant to which the senior lender, trustee, purchaser, or transferee shall take possession of the Property, or (b) foreclosure or delivery of a deed in lieu of foreclosure whereby a third party (other than the Owner or any related person of the Owner) shall take possession of the Property, or (c) involuntary non-compliance with the provisions of this Individual Regulatory Agreement caused by fire, condemnation, involuntary seizure of the Property by a local, state or federal agency, requisition, or a similar event; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person to it (within the meaning of Section 1.103-10(e) of the Internal Revenue Service Regulations) obtains an ownership interest in the Property for Federal income tax purposes. The term "senior lender" shall mean a lender with a lien of a deed of trust on the Property that is senior to the Agency's Regulatory Agreement deed of trust by the order of recording or by the terms of a subordination agreement. Upon the termination of the terms of this Individual Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Individual Regulatory Agreement in accordance with its terms.

8. RECORDKEEPING AND REPORTING. Upon request of Agency, Owner shall promptly provide any additional information or documentation requested in writing by Agency to verify Owner's compliance with the provisions of this Individual Regulatory Agreement. At the written request of Agency, Owner shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operations, and condition of the property and the status of the all deeds of trust securing the Property.

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

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

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

12. DEFAULT. Upon a breach of any of the provisions of this Individual Regulatory Agreement by Owner, Agency may give written notice of such breach to Owner by registered or certified mail. If such breach is not corrected to the satisfaction of

Agency within sixty (60) days after the date such notice is mailed or within such further time as Agency may reasonably determine is necessary to correct the breach, and without further notice to Owner, Agency may declare a default under the Agreement, effective on the date of such declaration of default, and upon such default Agency may: (a) take any action then available under the Funding Agreement for a default under the Funding Agreement; (b) apply to any court for specific performance of this Individual Regulatory Agreement; (c) apply to any court for an injunction against any breach of the Agreement; (d) apply to any court for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Individual Regulatory Agreement; and (e) apply to any court for money damages or for such other relief as may be appropriate, since the injury to Agency arising from a default under any of the terms in this Individual Regulatory Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

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

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

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

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

17. ELECTION OF REMEDIES.

a. To the extent applicable, in the event of any breach of the covenants, conditions and restrictions contained in this Individual Regulatory Agreement, Agency shall reasonably endeavor to remedy such breach by conference and conciliation. If, in the opinion of Agency, Agency and Owner are unable mutually to agree upon a suitable remedy or the circumstances so warrant, such breach may be enjoined or abated by appropriate proceedings brought by Agency.

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

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

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

ATTACHMENT 2

FUNDING REQUIREMENTS

FUNDING REQUIREMENTS FOR NEIGHBORHOOD STABILIZATION PROGRAM FUNDS (NSP)

These "Funding Requirements for Neighborhood Stabilization Program Funds (NSP)" (or "NSP Requirements") are attached to and incorporated in the Disposition and Development Agreement ("DDA"), Regulatory Agreement for Development of Homeownership Property ("RADHP") and the Individual Regulatory Agreement ("IRA"). The capitalized terms used in these NSP Requirements shall have the meanings below. Terms being defined are indicated by quotation marks. Capitalized terms in these NSP Requirements that are not defined below are defined in the DDA, RADHP and IRA.

1. Definitions. For the purposes of the NSP Requirements, the following capitalized words and phrases shall have the following meanings:

- A. "NSP" is the funding made available under the Neighborhood Stabilization Program Property Recycling Program to carry out the goals of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) ("HERA").

2. Recitals.

- A. Agency is the owner of real property consisting of eighteen (18), separate vacant lots located at 46th Street [APN 039-0011-013-0000], in the County of Sacramento, State of California, more particularly described in the Property Description.
- B. This Property was foreclosed upon and subsequently acquired by the Agency with NSP funds. Rehabilitation was not feasible and the blighted property was demolished.
- C. The Owner desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions of the DDA.
- D. The primary purpose of the DDA is to carry out the goals of HERA and to assist in the elimination of the blighting influences caused by foreclosed and vacant homes by causing these homes to be rehabilitated to certain, specified standards and sold to eligible very low and low-income, owner-occupant buyers. In order to accomplish these goals, the DDA provides that the Agency will transfer the Agency's interests in the Property to the Owner upon the express condition that the Owner will redevelop the Property for the uses described in the DDA. The DDA is intended to assure that the Owner will redevelop the Property and that the Owner is not merely speculating in land.
- E. The Agency has approved the Agency Funding on the condition that the property described in the IRA ("Property") is restricted for the Term of the IRA.

3. Maximum Sales Price. The Project includes the close of sale to the initial income qualified owner occupant, whose income does not exceed fifty percent (50%) or eighty percent (80%) of Area Median Income, more particularly described in the Restricted Units section of the RADHP ("Eligible Household"), at an affordable price, not to exceed the after-constructed appraised value of the property ("Maximum Sales Price").

4. Selection of Buyer.

- A. First-time Homebuyer Status. Buyers are not required to be first-time homebuyers.

- B. **Income Qualification.** Selected buyer(s) will provide to Agency all documentation required by Agency in its sole and absolute discretion to determine the buyer's household size and reported income of all household members eighteen (18) years and older.
- C. **Minimum Household Size.** The minimum size of the family purchasing the Affordable home shall be limited by the bedroom size of the house. Family size refers to all persons, related or not, living in the home, including all children under the age of 18.

House Size	Minimum Family Size
2 bedroom	1 person
3 bedroom	1 person
4 bedroom	2 persons
5 bedroom	3 persons
6 bedroom	4 persons

- D. **First Mortgage Requirements.** It is the buyer's responsibility to secure financing to purchase the affordable property. No loans with non-occupant co-mortgagers or co-signers will be allowed by Agency. Agency will require a copy of the loan approval from the lender as proof of availability of financing.
 - E. **Regulatory Agreement.** The buyer will be required to sign an individual regulatory agreement that will be recorded against the property at close of escrow. Such individual regulatory agreement will be substantially in the form of the IRA, and will be recorded against the Property.
5. **Term.** These covenants shall burden and regulate the Property assisted with NSP Funds for a term of thirty (30) years from the date of recording of the IRA.

FUNDING REQUIREMENTS FOR AFFORDABLE HOUSING PROGRAM FUNDS (AHF)

These "Funding Requirements for Affordable Housing Program Funds (AHF)" (or "AHF Requirements") are attached to and incorporated in the Disposition and Development Agreement ("DDA"), Regulatory Agreement for Development of Homeownership Property ("RADHP") and the Individual Regulatory Agreement ("IRA"). The capitalized terms used in these AHF Requirements shall have the meanings below. Terms being defined are indicated by quotation marks. Capitalized terms in these AHF Requirements that are not defined below are defined in the DDA, RADHP and IRA.

1. **Definitions.** For the purposes of the AHF Requirements, the following capitalized words and phrases shall have the following meanings:

"AHF" is the funding made available under the County of Sacramento's Affordable Housing Ordinance (commencing at Chapter 22.35 of the Sacramento County Code).

2. **Recitals.** The Agency has approved the Agency Funding on the condition that the property described in the IRA ("Property") is restricted for the Term of the IRA.

3. **Affordability Requirements.** The sales price shall be determined based on the Restricted Units of the Regulatory Agreement.

4. **Maximum Sales Price.** The "Maximum Sales Price" shall be determined based on the Restricted Units of the Regulatory Agreement.

5. **Selection of Buyer.**

A. **First-time Homebuyer Status.** Buyers are not required to be first-time homebuyers.

B. **Income Qualification.** Selected buyer(s) will provide to Agency all documentation required by Agency in its sole and absolute discretion to determine the buyer's household size and the reported income of all household members eighteen (18) years and older.

C. **Minimum Household Size.** The minimum size of the family purchasing the Affordable home shall be limited by the bedroom size of the house. Family size refers to all persons, related or not, living in the home, including all children under the age of 18.

House Size	Minimum Family Size
2 bedroom	1 person
3 bedroom	1 person
4 bedroom	2 persons
5 bedroom	3 persons
6 bedroom	4 persons

D. **First Mortgage Requirements.** It is the buyer's responsibility to secure financing to purchase the affordable property. No loans with non-occupant co-mortgagors or co-signers will be allowed by Agency. Agency will require a copy of the loan approval from the lender as proof of availability of financing.

E. **Regulatory Agreement.** The buyer will be required to sign an individual regulatory agreement that will be recorded against the property at close of escrow. Such individual regulatory agreement will be substantially in the form of the IRA, and will be recorded against the Property.

6. **Re-Sale and Subsequent Re-Sale of the Property.** In the event the homeowner sells the home before the end of their 30-year mortgage with Habitat for Humanity of Greater Sacramento (Habitat for Humanity), Habitat for Humanity has the right of first refusal to either repurchase the home or allow the sale. If Habitat for Humanity allows the sale, Habitat for Humanity must coordinate with the Agency to ensure compliance with the individual regulatory agreement. The purchaser of the Property must be certified as income eligible by the Agency and has acknowledged and accepted the individual regulatory agreement.

7. **Term.** These covenants shall burden and regulate the Property assisted with AHF Funds for a term of thirty (30) years from the date of recording of the IRA.

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street
Sacramento, CA 95814

DISPOSITION AND DEVELOPMENT AGREEMENT
CORNERSTONE NORTH
46TH STREET, SACRAMENTO, CA 95823

HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO
CORNERSTONE NORTH MUTUAL HOUSING ASSOCIATES, L.P.

MAY 1, 2021

DISPOSITION AND DEVELOPMENT AGREEMENT

**CORNERSTONE NORTH
46th Street, Sacramento, CA 95823**

THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ("Agency"), and CORNERSTONE NORTH MUTUAL HOUSING ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("Developer") enter into this Disposition and Development Agreement (this "DDA"), as of May 1, 2021 (the "Effective Date"). For purposes of this DDA, the capitalized terms shall have the meanings assigned in Section 15.

RECITALS

- A. Agency is the owner of real property located at 46th Street, Sacramento, CA 95823 in the County of Sacramento, State of California, more particularly described in the Property Description.
- B. In accordance with Health & Safety Code Section 34312.3(b), Agency has held, or will hold, a public hearing to disclose the disposition of the Property. Upon disposition of the Property, proceeds will be used directly to assist the development of low income housing within Agency's boundaries.
- C. In order to accomplish such purpose, this DDA provides that Agency will transfer Agency's interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

AGREEMENT

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

- 1. PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
- 2. PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: Cornerstone North is part of the vacant 46th and Lang master development which includes a three

phase affordable development of multifamily apartments and single family detached homes. Cornerstone North will have 48 affordable units developed by Cornerstone North Mutual Housing Associates, L.P. or related entity. .

3. PURCHASE AND SALE. Agency agrees to sell and Developer agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.

3.1. PURCHASE PRICE. The Purchase Price for the Property shall be Fifty-Nine Thousand Dollars and No Cents (\$59,000.00), or an amount justified by updated fair market value appraisal, and shall be payable pursuant to the Funding Agreement as described in Section 4, below.

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

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

3.2.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of the Effective Date.

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

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

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

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

3.3.2. Agency's representations and warranties in this DDA are true and correct as of the Effective Date of this DDA and as of the Close of Escrow.

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

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

3.4.1. AGENCY'S REPRESENTATIONS AND WARRANTIES. Agency represents and warrants to Developer that as of the date of this DDA, to the actual knowledge of Agency's Executive Director, Office of the General Counsel, and staff with responsibility for development of the Property:

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

b) Agency has caused a Phase I environmental study to be performed for Property. Agency has provided Developer with a copy of said study and Developer agrees that as to this study, Developer acquires no rights against either Agency or those individuals or firms who prepared the study. To the extent, if any, that Developer relies on the study, Developer does so at Developer's own risk;

c) There is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property;

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

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

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

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

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

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

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

3.4.3. DEVELOPER'S REPRESENTATIONS AND WARRANTIES. Developer, for itself and its principals, represents and warrants to Agency that as of the Effective Date of this DDA:

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

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

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

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

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

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

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

b) Developer shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Effective Date and thereafter, until construction on the Property has been completed according to the Plans;

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

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

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

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

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

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

3.5. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW. If, prior to the Close of Escrow: (a) damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by Developer or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed twenty percent (20%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a twenty percent (20%) or more decrease in the after-taking value of the Property, Agency shall notify Developer in writing of the damage, destruction or condemnation. Developer may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

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

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

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

3.5.2. COMMISSIONS. Agency is not responsible, by this DDA or otherwise, to pay commissions on the sale of the Property or any related transaction.

4. AGENCY FUNDING. Agency shall provide funding for the Project as provided in the Funding Agreement. All terms regarding Agency funding are in the Funding Agreement, including without limitation, the source and use of funds.

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

5.1. EXTENT AND CHARACTER OF PLAN REVIEW. Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Final Plans conform to the Plans; and (b) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by Agency. This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

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

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

5.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS. Developer shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. Developer shall submit the Final Plans to Agency for Agency's review. The Final Plans shall conform in all material respects to this DDA, including without limitation, Plans and the Scope of Development. To the extent that this DDA has insufficient detail or is unclear, this DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final

Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of County approval of the project, unless otherwise fulfilled.

5.5. DELIVERY. Developer shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: Cornerstone North PROJECT PLAN REVIEW" or the equivalent.

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

5.5.2. AGENCY DISAPPROVAL. If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If Agency rejects the proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received Agency's approval of the Final Plans as modified.

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

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

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

- a) Material changes in the layout, elevation design, functional utility or square footage;
- b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation;

c) Any change that reduces the effectiveness of any mitigation measure required for CEQA and NEPA approval of the Project;

d) Material changes in site development items for the Property that are specified in the Final Plans;

e) Material changes in the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans or otherwise accepted by Agency under the Art in Public Places Program;

f) Material changes in quality of project or landscaping materials;

g) Any change in public amenities specified in the Final Plans;

h) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer; and

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

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

6. DEVELOPMENT PROVISIONS. As stated in detail in this Section 6, Developer shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project.

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

6.2. CONSTRUCTION CONTRACTS. Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the

responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is revested in Agency pursuant to Section 12.1, Developer shall assign all rights under the construction contracts to Agency.

6.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, Developer is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the County of Sacramento.

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

6.5. SUBSTANTIAL CHANGES. Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 5.7, without Agency approval of such changes as provided in Section 5.7.

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

6.7. PREVAILING WAGES. In accordance with Labor Code Section 1720(c)(4), so long as the sole and only public subsidy for the Project is from Agency's Low and Moderate Income Housing Fund, the Project is not subject to prevailing wages. Developer represents to Agency that Developer has obtained no other public subsidy for the Project. If Developer obtains another public subsidy, Developer shall pay prevailing wages for the Project. Therefore, Developer indemnifies, holds harmless and defends Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them. In accordance with Labor Code Section 1720(c)(6)(E)), so long as the public subsidy for the Project consists of below market rate loans, and the Project restricts occupancy on at least 40% of the units for at least 20 years to individuals or families earning no more than 80% of the area median income, the Project is not subject to prevailing wages. Developer represents to Agency that Developer has obtained no public subsidy for the Project that does not meet such criteria. If Developer obtains another non-qualifying public subsidy, Developer shall pay prevailing wages for the Project. Therefore, Developer indemnifies, holds harmless and defends Agency from all additional wages,

benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them. Unless stated otherwise above, Agency advises Developer that the Project is subject to the payment of prevailing wages under California law. Developer shall inform the Contractor and shall require the Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Agency's determination of the applicability of California prevailing wage requirements. Developer and Contractor have had the opportunity to meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Developer and Contractor have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer indemnifies, holds harmless and defends Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them.

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

6.9. NO DISCRIMINATION DURING CONSTRUCTION. Developer for itself, the Contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project.

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

6.9.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS. This DDA requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. The Developer shall fulfill its obligations imposed by this Section by instructing its Contractor and its subcontractors to utilize lower income Project area residents as employees to the greatest extent feasible by:

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

b) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

c) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

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

e) Making a good faith effort to fill all of the positions established in subparagraph (d) of this Section with lower income Project area residents, first and foremost, through the First Source Program, Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

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

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

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

6.11. AGENCY ACCESS TO THE PROPERTY. Developer shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under this DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

6.12. PROJECT SIGN. If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "Housing Authority of the County of Sacramento" as a participant in the Project. Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

6.13. CERTIFICATE OF COMPLETION. After Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, Agency will furnish the Developer with the Certificate of Completion certifying such completion. Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this DDA with respect to the obligations of the Developer to construct the Project as of the Completion

Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

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

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

6.14. CONSTRUCTION PERIOD EXTENSION FEE. If Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following said completion date, a construction period extension fee of Twenty-Five Dollars and No Cents (\$25.00) for each day by which the completion of construction is delayed beyond said completion date. Such construction period extension fee due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The number of days used in computation of the construction period extension fee shall be reduced by the number of days of Unavoidable Delay. Failure to pay such construction period extension fee when due is a material default of this DDA. Any unearned portion of an advance payment of any such extension fee shall be refunded by Agency within thirty (30) days of completion of construction, or of termination of this DDA. Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such unpaid construction extension fee and to declare Developer in material default of this DDA. In any event, such construction extension fees shall not be accepted for a time period greater than six (6) months excluding any period of Unavoidable Delay, at which time Developer shall be deemed in material default of this DDA.

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

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

6.17. PROPERTY CONDITION. Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the Developer to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

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

6.19. HAZARDOUS SUBSTANCES. Agency has obtained a Phase I assessment, and has delivered them to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to One Hundred Thousand Dollars (\$100,000.00), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA.

6.20. DEVELOPER ACCESS TO PROPERTY. Prior to the conveyance of the Property by Agency to Developer, Agency shall permit representatives of Developer to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out Developer's obligations under this DDA; *provided, however,* that Developer

shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

7.DEVELOPMENT FINANCING. Except as specifically provided in this DDA, Developer shall be responsible for and shall pay all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to Developer, Developer shall provide Agency with a complete and firm Project budget including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the Developer shall provide evidence, satisfactory to Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

7.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 7.3); (b) firm and binding loan commitments (as provided in Section 7.2) from each Lender, in form and substance satisfactory to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

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

7.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by Agency, Developer may provide evidence of equity in the amount of Twelve Million Dollars and No Cents (\$12,000,000.00) by any one of the following actions: (a) deposit of the required equity in a joint account with Agency, which funds shall be released only upon the joint signatures of Agency and the Developer; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and substance as provided by Agency, which letter of credit shall provide that Agency may draw to fulfill any Developer obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. Developer shall not provide evidence of equity that includes funds not available at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated Developer profit or fees or Developer contribution of services to the Project. Agency, in its sole and absolute discretion, may reject any submitted evidence of equity if Agency has any reason to believe that such funds may not be available to the Project.

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

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

9. INDEMNIFICATION. Developer shall indemnify, protect, defend and hold harmless Agency, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from any claims, bodily injury, death and property damage caused by or resulting from the acts or omissions of Developer, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency arising from or in connection with such claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

This indemnification provision shall survive the termination of this DDA.

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

11.1. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.

11.2. PROPERTY INSURANCE: Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00, except as may reasonably be approved by Lender's legal counsel.

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

11.3.1. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

11.3.2. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;

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

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

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

11.3.6. **FAILURE TO MAINTAIN.** If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, Agency shall have the right, but not the obligation, to purchase the insurance on Developer's behalf, and Developer shall promptly reimburse the full cost of such insurance to Agency. If Developer fails to reimburse Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 10 shall be a default under this DDA (see Section 11.3, below).

11.3.7. **BLANKET COVERAGE.** Developer's obligation to carry insurance as required under this Section 10 may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 11 with respect to such insurance shall otherwise be satisfied by such blanket policy.

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

12.1. **REVESTING TITLE IN AGENCY.** Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of Agency, after conveyance of any part of the Property to Developer and prior to issuance of a Certificate of Completion, if Developer defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of the Property, then Agency shall have, for a period of ten years following the Effective Date, the

right to re-enter and take possession of the Property, or any part of the Property conveyed to Developer, and to terminate and re-vest in Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to Developer shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section, failure on the part of Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in this DDA, Agency at its option may declare a termination in favor of Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to Agency. Such condition subsequent and any such re-vesting of title in Agency shall always be subject to and limited by the lien or security interest authorized by this DDA, and any rights or interests provided in this DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with this DDA and for which a Certificate of Completion issued as provided in this DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

12.2. RESALE OF REACQUIRED PROPERTY. Upon the re-vesting of title to the Property in accordance with Section 11.1, Agency shall use its best efforts to resell the Property, as soon and in such manner as Agency shall find feasible and consistent with its objectives, to a qualified and responsible party, as determined by Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

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

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

or made by it from this DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

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

12.3. LIQUIDATED DAMAGES. IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS DDA BY REASON OF ANY DEFAULT OF DEVELOPER, AGENCY SHALL BE RELEASED FROM AGENCY'S OBLIGATION TO SELL THE PROPERTY TO DEVELOPER, AND AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW. IF THE PROPERTY HAS BEEN CONVEYED TO DEVELOPER, DEVELOPER HAS COMMITTED A DEFAULT SUFFICIENT FOR REVESTMENT OF THE PROPERTY UNDER SECTION 12.1, AND DEVELOPER HAS NOT VOLUNTARILY RECONVEYED THE PROPERTY TO AGENCY, AGENCY MAY REVEST THE PROPERTY OR TAKE ANY AVAILABLE ACTION TO RECONVEY THE PROPERTY TO AGENCY. IN SUCH EVENT, AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW OR EQUITY; PROVIDED, HOWEVER THAT, BY INITIALING THIS SECTION, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT THAT DEVELOPER FAILS TO PURCHASE THE PROPERTY: (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES RELATED TO THE FAILURE TO PURCHASE THE PROPERTY; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO AGENCY ON ACCOUNT OF THE FAILURE TO PURCHASE THE PROPERTY; (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO AGENCY SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF AGENCY FOR THE FAILURE OF DEVELOPER TO PURCHASE THE PROPERTY; (D) AGENCY MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO AGENCY AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

_____ Developer's Initials

_____ Agency's Initials

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

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

12.6. FEES AND COSTS ARISING FROM DISPUTE. If an action is commenced between the parties, the prevailing party in that action shall be entitled to recover from the nonprevailing party all reasonable attorney fees and costs, witness fees, arbitrator's fees, and court and arbitration costs. "Prevailing party" shall include without limitation a party who dismisses an action in exchange for sums allegedly due; the party who receives performance from the other party for an alleged breach

of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

13. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS. Before issuance of a Certificate of Completion, if Developer has obtained Agency's prior written approval, which approval Agency may withhold in exercise of its reasonable discretion and in consideration of the commercially reasonable protection of its interests under this DDA, the Developer may obtain a loan and encumber the Property as security for the loan, provided either that the proceeds of the loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms or that the loan is permanent project financing made upon usual and customary and commercially reasonable terms. Each lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a loan, Developer shall provide Agency with a conformed copy of all documents related to the loan. Agency acknowledges that a Lender will rely upon this DDA in making the loan and that Agency's obligations under this DDA are inducements to Lender's making of the loan.

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

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated _____ between the Housing Authority of the County of Sacramento and Cornerstone North Mutual Housing Associates, L.P., a California limited partnership ("DDA"). Lender requests, in accordance with this DDA, that if any default notice shall be given to Developer under this DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

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

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

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

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

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

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

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

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

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

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

13.10. **PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER.** In reliance on the financial capability and experience of Developer, substantial public financing and other public aids have

been made available by law and by the federal and local governments to make development of the Property possible. Developer shall not, prior to issuance of a Certificate of Completion, assign Developer's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of Developer or the degree of their control of Developer without the prior written consent of Agency. Any assignment or other such prohibited act or transaction taken by Developer shall be void ab initio. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of Developer. Such a transfer as permitted in this Section shall not relieve Developer, or any other party bound in any way by this DDA, from any of its obligations under this DDA. With respect to this provision, the Developer and the parties signing this DDA on behalf of the Developer represent that they have the authority of all of Developer's principals to agree to and bind them to this provision.

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

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

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

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

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

14.5. NO MERGER. All of the terms, provisions, representations, warranties, and covenants of the parties under this DDA shall not be merged in the Grant Deed or other documents.

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

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

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

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

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

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

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

14.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the County of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Portfolio Management.

b) Developer: Mutual Housing California, a California nonprofit public benefit corporation, 3321 Power Inn Rd Suite 320, Sacramento, CA 95826, Attention: Asset Management.

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

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

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

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

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

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

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

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

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

15.3. "Certificate of Completion" is the certificate issued by Agency certifying Developer's completion of the Project and termination of the revestment provisions.

15.4. "County" is the County of Sacramento in the State of California.

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

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

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

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

15.9. "Developer" is Cornerstone North Mutual Housing Associates, L.P., a California limited partnership. The principal office of the Developer is located at 3321 Power Inn Rd Suite 320, Sacramento, CA 95826. The principal of the Developer Roberto Jimenez.

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

15.11. "Escrow Instructions" are the escrow instructions for the close of the Escrow for the Grant Deed.

15.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at Public Resources Code Section 21000), the National Environmental Policy Act (commencing at United States Code Title 42, Section 4321), and the rules and regulations promulgated under such acts. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

15.13. "Funding Agreement" is the document that states the terms of the Seller Carryback Loan.

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

15.15. "Hazardous Substances" as used in this DDA shall include, without limitation to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. 1321 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.); the Resource Conservation and Recovery Act (42

U.S.C. 6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

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

15.17. "Plans" are the Project designs and elevations, prepared by the Project architect Salazar Architects, then approved by the Sacramento County Planning Commission on January 11, 2021, a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

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

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

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

15.21. "Purchase Price" is the purchase price for the Property as set out in Section 3.

15.22. "Regulatory Agreement" is the agreement, which sets out the certain provisions of this DDA that shall survive the completion of the Project.

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

15.24. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 3: Scope of Development**.

15.25. "Title Company" is Placer Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 301 University Avenue, Suite 120, Sacramento, California 95825.

15.26. "Unavoidable Delay" is a delay in the performance by a party of any obligation which delay is unforeseeable and beyond the control of such party and without its fault or negligence.

Unavoidable Delay shall include acts of God, acts of the public enemy, acts of the Federal Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes) or delays of subcontractors due to such causes. In the event of the occurrence of any such enforced delay, the time or times for performance of such obligations of the parties shall be extended for the period of the enforced delay, as determined by Agency, provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after it has or should have knowledge of any such enforced delay, have first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the enforced delay.

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

**DEVELOPER: CORNERSTONE NORTH
MUTUAL HOUSING ASSOCIATES, L.P., A
CALIFORNIA LIMITED PARTNERSHIP**

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

**BY: Cornerstone Mutual Housing
Association LLC, a California limited
liability company
Its: Managing General Partner**

**By: _____
La Shelle Dozier
Executive Director**

**By: Mutual Housing California, a California
nonprofit public benefit corporation
Its: sole and managing member**

Approved as to form:

**By: Roberto Jiménez
Its: CEO**

Agency Counsel

EXHIBIT 1

Property Description

The land referred to is situated in the unincorporated area of the County of Sacramento, State of California, and is described as follows:

PARCEL ONE:

ALL THAT PORTION OF THE NORTHEAST 1/4 OF SECTION 32, TOWNSHIP 8 NORTH, RANGE 5 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID NORTHEAST 1/4, SAID POINT BEING ON THE NORTHEASTERLY LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN THE DEED RECORDED AUGUST 5, 1955, IN BOOK 2891 OF OFFICIAL RECORDS, AT PAGE 156, EXECUTED BY CHARLES W. BARDIN, AS ADMINISTRATOR WITH THE WILL ANNEXED OF THE ESTATE OF LILLIAN BARDIN, DECEASED TO THE STATE OF CALIFORNIA, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF THE NORTHEAST 1/4 BEARS SOUTH 89° 54' WEST 642.41 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHEASTERLY LINE OF SAID STATE OF CALIFORNIA PROPERTY NORTH 39° 51' 46" WEST 179.23 FEET; THENCE NORTH 00° 08' WEST 905.73 FEET TO A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492; THENCE ALONG SAID SOUTH LINE NORTH 89° 54' EAST 305.39 FEET TO A POINT ON THE WEST LINE OF THAT CERTAIN 20.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY J.B. SMITH, ET AL TO VIOLA MAY WILDER, ET UX, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 825 OF OFFICIAL RECORDS, AT PAGE 270; THENCE ALONG THE WEST LINE OF SAID 20.00 ACRE TRACT OF LAND AND THE SOUTHERLY PRODUCTION THEREOF SOUTH 00° 08' EAST 164.89 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN 10.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY MAYBELLE K. DANNSEY TO J.L. JONES, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1055 OF OFFICIAL RECORDS, AT PAGE 330; THENCE ALONG WEST LINE OF SAID 10.00 ACRE TRACT OF LAND SOUTH 00° 08' EAST 878.61 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 32; THENCE ALONG SAID SOUTH LINE SOUTH 89° 54' WEST 190.83 FEET TO A POINT OF BEGINNING.

PARCEL TWO:

AN EASEMENT NAMELY FOR INGRESS AND EGRESS AND FOR ALL PUBLIC UTILITIES FOR THE REAL PROPERTY DESCRIBED ABOVE AND ANY PART THEREOF, OVER, UNDER, ALONG AND ACROSS THAT PORTION OF THE NORTHEAST 1/4 OF SAID SECTION 32, DESCRIBED AS FOLLOWS: A STRIP OF LAND 42 FEET IN WIDTH, MEASURED AT RIGHT ANGLES, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL, TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF SAID NORTHEAST BEARS SOUTH 89° 54' WEST 402.55 FEET AND THENCE SOUTH 00° 12' EAST 1043.49 FEET; THENCE FROM SAID BEGINNING SOUTH 00° 12' EAST 121.00 FEET; THENCE NORTH 89° 54' EAST 126.51 FEET.

APN: 039-0011-013-0000

EXHIBIT 2

Schedule of Performances

July 1, 2021	CTCAC (9%) Application Deadline
September 29, 2021	CTCAC (9%) Allocation Meeting
October 2021	Closing Calls Begin
Spring 2022	Close of Escrow
Spring 2024	Construction Completion

EXHIBIT 3

Scope of Development Cornerstone, a Mutual Housing Community (North and South Developments)

I. Project Description

Cornerstone, a Mutual Housing Community, is in the unincorporated area of Sacramento County (County), South Sacramento community. The site is generally located adjacent to 44th Street and LeDonne Drive. The new construction project will bring 108 units of affordable housing to South Sacramento. The Project will comply with the American with Disabilities Act (ADA).

The scope of development below covers both Cornerstone North (48 units) and Cornerstone South (60 units). Sacramento County is considering entitlements for the two lots as a single project. As such, the County is not considering site-wide items such as stormwater retention, play areas, trash enclosures, and parking minimums on a parcel-by-parcel basis, but together as a full 108-unit project. Additionally, the project will be constructed as a single construction project and will be operated as a single project. Construction materials will be new, excepting recycled items with written pre-approval from SHRA. All building and site improvements will adhere to SHRA's minimum construction standards.

II. Site Improvements

1. **Landscaping:** Project will be designed in accordance with County requirements and subject to SHRA approval.
 - a) Existing trees shall be evaluated by an arborist and trimmed/removed according to the evaluation. Any tree trimming or tree removal will either occur outside the nesting season for nesting birds.
 - b) All soil shall be covered in mulch, bark or some other ground cover with a weed barrier. Soil in planter areas shall be established to a depth that ensures the ground cover does not freely spill into the adjacent concrete pathway. Planters shall be sloped away from the building foundation with a minimum two percent (2%) slope.
2. **Irrigation System:** The automated irrigation system incorporates a "SMART controller" that senses rain to reduce water use. Irrigation piping and fixtures shall be installed with new system that includes appropriate water efficient fixtures.
3. **Playground Equipment:** A playground with equipment suitable for children up to age 12, and equipment suitable for toddlers, will be installed onsite.

4. **Pedestrian and Fire-access Gates:** Gates will meet code requirements.
5. **Site Accessories:** Bike racks, tables, benches, barbeques, etc., will be included in the development.
6. **Perimeter Fence:** The site will not include full perimeter fencing, but will construct a CMU wall on the site's western border adjacent to Chateau Lang Apartments.
7. **Asphalt Parking Lot and Drive Aisles:** Parking lot and drive aisles will be designed in accordance with geotechnical recommendations. The parking lot will meet current code and ADA requirements, with respect to including required ADA van accessible parking. There will be a total of 111 parking spaces.

III. Building Exterior Improvements

8. **Roof:** The roofing of all buildings have a minimum 20-year warranty Asphalt Composition Shingles.
9. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
10. **Siding:** Exterior siding of the residential buildings will be a cementitious siding (lap and panel).
11. **Balcony and Patio Enclosures:** Ground floor apartments will have private patios on grade; while upper level apartments will have balconies with composite decking.
12. **Paint:** Building will have interior and exterior painting. Non-habitable structures on the property will match the habitable buildings.
13. **Windows and Sliders:** All windows will be energy-efficient windows. Windows will be designed to open and will have screens. Operable windows will have functional locks, and will be operable without excessive effort.
14. **Trash Enclosures:** The site will contain three trash enclosures with concrete aprons located in Auto Court's 1, 2, and 3.
15. **Lighting:** The exterior wall light fixtures will feature energy efficient wallpacks to increase visibility. Site pole lights will have LED fixtures.
16. **Sidewalks and Ramps:** The sidewalks and ramps will meet current code and ADA requirements throughout the Project.

17. **Mailbox Units:** New cluster mailbox units will be installed and shall include space for larger parcels delivered to site.
18. **Stairways, Railings and Landings:** Common area stairs will meet current accessible codes for treads and risers, guardrails and handrails. Bottom of stairs will either be closed off for storage or provided with cane rails. Stairways in common areas will include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
19. **Signage:** Monument signage, buildings, apartments, garages, parking, ADA, and property signage throughout as required by current code.
20. **Security:** New CCTV system with web-based cameras at primary automobile entrances, parking, common areas, mailboxes and community room(s).
21. **Exterior Building Systems:** Exterior mounted electrical, mechanical, and plumbing systems will be protected from vandalism

IV. Building Interior

1. **ADA units:** There will be a total of 11 accessible units. 10% (11 units) will be fully accessible and 4% (5 units) will have hearing / visual equipment.
2. **Central Heating, Ventilation and Air Conditioning Systems (HVAC):** All of the buildings will have a) the duct work, air distribution and air supply and exhaust systems will be installed b) new EnergyStar or better HVAC split systems installed; new air output; and c) new intake vents will be installed.
3. **Water heaters:** All units will have EnergyStar water heaters.
4. **Water distribution System:** Water distribution system will be made of PEX piping for the branch lines and Aquatherm piping for the main water lines.
5. **Kitchens:** All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing electric range/oven combination appliances, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better. All kitchens will have adequate counter space and cabinet space. Shelving for microwaves will be provided in non-ADA units.
6. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods and curtains), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. A humidistat fan will be installed in all bathrooms. Tub surrounds will be one single solid surface per wall.

7. **Ceilings and Walls:** All interior walls and ceilings will have a drywall finish. In select areas of common areas (lobbies, community room, office areas, etc.) higher grade finishes (wood, tile, etc.) and acoustic panels / clouds may be used.
8. **Doors:** All doors will be new and will meet current egress standards. All door hardware will have matching finishes. Exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware will have single action hardware to release deadbolt and latch assembly. All sliding exterior doors will have screen doors and shall have functional locks and must operate freely without excessive effort.
9. **Flooring:** New vinyl sheet flooring will be installed in all residential unit kitchens and living rooms. Carpet will be installed in bedrooms.
10. **Windows:** New window blinds will be installed on all windows and sliders.
11. **Paint:** Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
12. **Electrical:** GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units. Broadband infrastructure will be provided.
13. **Lighting:** All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy efficient light fixtures installed.

V. Community Areas

1. **Community Room, Office, Kitchen and Restroom:**
 - a) The amenity space at Lot 1 will be 3,350 SF and includes a community room with shared kitchen, offices, and other community space.
 - b) The kitchen will have solid-surface counters, refrigerator/freezer combination appliance, free-standing electric range/oven combination appliances, micro-hood combination appliance, dishwasher, sink, garbage disposal and low-flow faucets. All appliances will be EnergyStar or better. Furniture, fixtures, and cabinets will be installed.
 - c) The restrooms will meet current code and ADA requirements.
 - d) Flooring in common areas will be LVP (minimum 20 mil wear layer) or carpet.

2. **Laundry Facilities:** All laundry facilities will meet code and ADA requirements. New vinyl sheet flooring, windows, doors, washer and dryer appliances, counter for folding laundry, lighting fixtures, humidistat, and paint on walls and ceilings will be installed. A total of 13 washers and 13 dryers will be installed. Cornerstone South will have seven (7) laundry sets, including six (6) ADA laundry sets. Cornerstone North will have six (6) ADA laundry sets. In the three story building, there will be one laundry room on each floor.

Attachment 1: Rental Property Minimum Construction Standards are attached and incorporated in this Scope of Development.

Attachment 1: Rental Property Minimum Construction Standards

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

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

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

Useful Life Expectancy – Rehabilitation only

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

General Requirements

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

General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.

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

Site Work

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

Site Work – Rehabilitation only

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another

approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.

- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

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

Doors and Windows

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

Doors and Windows – Rehabilitation only

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

Casework

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

Casework – Rehabilitation only

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

Finishes

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.

In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.

Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

Finishes – Rehabilitation only

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

Equipment

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

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

Furnishings

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

Special Construction

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

Mechanical/Plumbing

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

Mechanical/Plumbing – Rehabilitation only

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

Electrical

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

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

Electrical – Rehabilitation only

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

Resident Services Community Space

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

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

End of Scope of Development

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street
Sacramento, CA 95814

DISPOSITION AND DEVELOPMENT AGREEMENT

CORNERSTONE SOUTH
46TH STREET, SACRAMENTO, CA 95823

HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO
CORNERSTONE SOUTH MUTUAL HOUSING ASSOCIATES, L.P.

MAY 1, 2021

DISPOSITION AND DEVELOPMENT AGREEMENT

**CORNERSTONE SOUTH
46th Street, Sacramento, CA 95823**

THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO, A PUBLIC BODY CORPORATE AND POLITIC ("Agency"), and CORNERSTONE SOUTH MUTUAL HOUSING ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("Developer") enter into this Disposition and Development Agreement (this "DDA"), as of May 1, 2021 (the "Effective Date"). For purposes of this DDA, the capitalized terms shall have the meanings assigned in Section 16.

RECITALS

- A. Agency is the owner of real property located at 46th Street, Sacramento, CA 95823 in the County of Sacramento, State of California, more particularly described in the Property Description.
- B. In accordance with Health & Safety Code Section 34312.3(b), Agency has held, or will hold, a public hearing to disclose the disposition of the Property. Upon disposition of the Property, proceeds will be used directly to assist the development of low income housing within Agency's boundaries.
- C. This DDA provides that Agency will transfer Agency's interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

AGREEMENT

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

- 1. PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
- 2. PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: Cornerstone South is part of the vacant 46th and Lang master development which includes a three

phase affordable development of multifamily apartments and single family detached homes. Cornerstone South will have 60 affordable units developed by Cornerstone South Mutual Housing Associates, L.P. or related entity.

3. PURCHASE AND SALE. Agency agrees to sell and Developer agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.

3.1. PURCHASE PRICE. The Purchase Price for the Property shall be Ninety-Two Thousand Dollars and No Cents (\$92,000.00), or an amount justified by updated fair market value appraisal, and shall be payable pursuant to the Funding Agreement as described in Section 4, below.

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

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

3.2.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of the Effective Date.

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

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

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

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

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

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

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

3.4.1. AGENCY'S REPRESENTATIONS AND WARRANTIES. Agency represents and warrants to Developer that as of the date of this DDA, to the actual knowledge of Agency's Executive Director, Office of the General Counsel, and staff with responsibility for development of the Property:

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

b) Agency has caused a Phase I environmental study to be performed for Property. Agency has provided Developer with a copy of said study and Developer agrees that as to this study, Developer acquires no rights against either Agency or those individuals or firms who prepared the study. To the extent, if any, that Developer relies on the study, Developer does so at Developer's own risk;

c) There is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Developer shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Effective Date and thereafter, until all construction on the Property has been completed according to the Plans;

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

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

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

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

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

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

3.5. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW. If, prior to the Close of Escrow: (a) damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by Developer or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed twenty percent (20%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a twenty percent (20%) or more decrease in the after-taking value of the Property, Agency shall notify Developer in writing of the damage, destruction or condemnation. Developer may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

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

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

b) Agency shall pay to Developer through credit in Escrow against the cash portion of the Purchase Price for the cost of repairing or correcting such damage not covered by insurance,

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

3.5.2. COMMISSIONS. Agency is not responsible, by this DDA or otherwise, to pay commissions on the sale of the Property or any related transaction.

4. AGENCY FUNDING. Agency shall provide funding for the Project as provided in the Funding Agreement. All terms regarding Agency funding are in the Funding Agreement, including without limitation, the source and use of funds.

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

5.1. EXTENT AND CHARACTER OF PLAN REVIEW. Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Final Plans conform to the Plans; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by Agency. This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

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

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

5.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS. Developer shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. Developer shall submit the Final Plans to Agency for Agency's review. The Final Plans shall

conform in all material respects to this DDA, including without limitation, Plans and the Scope of Development. To the extent that this DDA has insufficient detail or is unclear, this DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of County approval of the project, unless otherwise fulfilled.

5.5. DELIVERY. Developer shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: Cornerstone South PROJECT PLAN REVIEW" or the equivalent.

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

5.5.2. AGENCY DISAPPROVAL. If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If Agency rejects the proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received Agency's approval of the Final Plans as modified.

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

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

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

- a) Material changes in the layout, elevation design, functional utility or square footage;
- b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation;
- c) Any change that reduces the effectiveness of any mitigation measure required for CEQA and NEPA approval of the Project;
- d) Material changes in site development items for the Property that are specified in the Final Plans;
- e) Material changes in the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans or otherwise accepted by Agency under the Art in Public Places Program;
- f) Material changes in quality of project or landscaping materials;
- g) Any change in public amenities specified in the Final Plans;
- h) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer; and
- i) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

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

6. DEVELOPMENT PROVISIONS. As stated in detail in this Section 6, Developer shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project.

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

6.2. CONSTRUCTION CONTRACTS. Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is reverted in Agency pursuant to Section 12.1, Developer shall assign all rights under the construction contracts to Agency.

6.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, Developer is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the County of Sacramento.

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

6.5. SUBSTANTIAL CHANGES. Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 5.7, without Agency approval of such changes as provided in Section 5.7.

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

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

Unless stated otherwise above, Agency advises Developer that the Project is subject to the payment of prevailing wages under California law. Developer shall inform the Contractor and shall require the Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Agency's determination of the applicability of California prevailing wage requirements. Developer and Contractor have had the opportunity to meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Developer and Contractor have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer indemnifies, holds harmless and defends Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them.

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

6.9. NO DISCRIMINATION DURING CONSTRUCTION. Developer for itself, the Contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project.

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

6.9.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS. This DDA requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. The Developer shall fulfill its obligations imposed by this Section by instructing its Contractor and its subcontractors to utilize lower income Project area residents as employees to the greatest extent feasible by:

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

b) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

c) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

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

e) Making a good faith effort to fill all of the positions established in subparagraph (d) of this Section with lower income Project area residents, first and foremost, through the First Source Program, Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

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

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

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

6.11. AGENCY ACCESS TO THE PROPERTY. Developer shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under this DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

6.12. PROJECT SIGN. If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "Housing Authority of the County of Sacramento" as a participant in the Project. Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

6.13. CERTIFICATE OF COMPLETION. After Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, Agency will furnish the Developer with the Certificate of Completion certifying such completion. Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this DDA with respect to the obligations of the Developer to construct the Project as of the Completion

Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

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

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

6.14. **CONSTRUCTION PERIOD EXTENSION FEE.** If Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following said completion date, a construction period extension fee of Twenty-Five Dollars and No Cents (\$25.00) for each day by which the completion of construction is delayed beyond said completion date. Such construction period extension fee due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The number of days used in computation of the construction period extension fee shall be reduced by the number of days of Unavoidable Delay. Failure to pay such construction period extension fee when due is a material default of this DDA. Any unearned portion of an advance payment of any such extension fee shall be refunded by Agency within thirty (30) days of completion of construction, or of termination of this DDA. Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such unpaid construction extension fee and to declare Developer in material default of this DDA. In any event, such construction extension fees shall not be accepted for a time period greater than six (6) months excluding any period of Unavoidable Delay, at which time Developer shall be deemed in material default of this DDA.

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

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

6.17. PROPERTY CONDITION. Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the Developer to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

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

6.19. HAZARDOUS SUBSTANCES. Agency has obtained a Phase I assessment, and has delivered them to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; *provided, however* that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed One Hundred Thousand Dollars (\$100,000.00), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA.

6.20. DEVELOPER ACCESS TO PROPERTY. Prior to the conveyance of the Property by Agency to Developer, Agency shall permit representatives of Developer to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out Developer's obligations under this DDA; provided, however, that Developer

shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

7. DEVELOPMENT FINANCING. Except as specifically provided in this DDA, Developer shall be responsible for and shall pay all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to Developer, Developer shall provide Agency with a complete and firm Project budget including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the Developer shall provide evidence, satisfactory to Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

7.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 7.3); (b) firm and binding loan commitments (as provided in Section 7.2) from each Lender, in form and substance satisfactory to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

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

7.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by Agency, Developer may provide evidence of equity in the amount of Six Million Dollars and No Cents (\$6,000,000.00) by any one of the following actions: (a) deposit of the required equity in a joint account with Agency, which funds shall be released only upon the joint signatures of Agency and the Developer; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and substance as provided by Agency, which letter of credit shall provide that Agency may draw to fulfill any Developer obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) Developer's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. Developer shall not provide evidence of equity that includes funds not available at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated Developer profit or fees or Developer contribution of services to the Project. Agency, in its sole and absolute discretion, may reject any submitted evidence of equity if Agency has any reason to believe that such funds may not be available to the Project.

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

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

9. INDEMNIFICATION. Developer shall indemnify, protect, defend and hold harmless Agency, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from any claims, bodily injury, death and property damage caused by or resulting from the acts or omissions of Developer, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency arising from or in connection with such claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

This indemnification provision shall survive the termination of this DDA.

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

11.1. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.

11.2. PROPERTY INSURANCE: Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00, except as may reasonably be approved by Lender's legal counsel.

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

11.3.1. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

11.3.2. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;

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

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

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

11.5. **FAILURE TO MAINTAIN.** If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, Agency shall have the right, but not the obligation, to purchase the insurance on Developer's behalf, and Developer shall promptly reimburse the full cost of such insurance to Agency. If Developer fails to reimburse Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 10 shall be a default under this DDA (see Section 11.3, below).

11.6. **BLANKET COVERAGE.** Developer's obligation to carry insurance as required under this Section 10 may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 11 with respect to such insurance shall otherwise be satisfied by such blanket policy.

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

12.1. **REVESTING TITLE IN AGENCY.** Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of Agency, after conveyance of any part of the Property to Developer and prior to issuance of a Certificate of Completion, if Developer defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of

the Property, then Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or any part of the Property conveyed to Developer, and to terminate and re-vest in Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to Developer shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section, failure on the part of Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in this DDA, Agency at its option may declare a termination in favor of Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to Agency. Such condition subsequent and any such re-vesting of title in Agency shall always be subject to and limited by the lien or security interest authorized by this DDA, and any rights or interests provided in this DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with this DDA and for which a Certificate of Completion issued as provided in this DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

12.2. RESALE OF REACQUIRED PROPERTY. Upon the re-vesting of title to the Property in accordance with Section 11.1, Agency shall use its best efforts to resell the Property, as soon and in such manner as Agency shall find feasible and consistent with its objectives, to a qualified and responsible party, as determined by Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

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

12.2.2. DEVELOPER REIMBURSEMENT. After payment to Agency of the sum specified herein, said proceeds shall be paid to Developer to reimburse Developer in an amount not to exceed: (1) the sum of the purchase price paid by Developer for the Property and the cash actually expended by it in actual construction of any of the Project, including without limitation fees and expenses paid to any governmental agency on account of the Project, mitigation or development fees, the costs and expenses of all third-party architects, engineers, or similar design professionals, hard and soft costs of construction expended in construction of the Project, and Lender's interest,

loan fees and other fees and charges on account of the loan; less (2) any gains or income withdrawn or made by it from this DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

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

12.3. LIQUIDATED DAMAGES. IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS DDA BY REASON OF ANY DEFAULT OF DEVELOPER, AGENCY SHALL BE RELEASED FROM AGENCY'S OBLIGATION TO SELL THE PROPERTY TO DEVELOPER, AND AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW. IF THE PROPERTY HAS BEEN CONVEYED TO DEVELOPER, DEVELOPER HAS COMMITTED A DEFAULT SUFFICIENT FOR REVESTMENT OF THE PROPERTY UNDER SECTION 12.1, AND DEVELOPER HAS NOT VOLUNTARILY RECONVEYED THE PROPERTY TO AGENCY, AGENCY MAY REVEST THE PROPERTY OR TAKE ANY AVAILABLE ACTION TO RECONVEY THE PROPERTY TO AGENCY. IN SUCH EVENT, AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW OR EQUITY; *PROVIDED, HOWEVER*, THAT, BY INITIALING THIS SECTION, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT THAT DEVELOPER FAILS TO PURCHASE THE PROPERTY: (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES RELATED TO THE FAILURE TO PURCHASE THE PROPERTY; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO AGENCY ON ACCOUNT OF THE FAILURE TO PURCHASE THE PROPERTY; (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO AGENCY SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF AGENCY FOR THE FAILURE OF DEVELOPER TO PURCHASE THE PROPERTY; (D) AGENCY MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO AGENCY AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

_____ Developer's Initials

_____ Agency's Initials

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

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

12.6. FEES AND COSTS ARISING FROM DISPUTE. If an action is commenced between the parties, the prevailing party in that action shall be entitled to recover from the nonprevailing party all reasonable attorney fees and costs, witness fees, arbitrator's fees, and court and arbitration costs. "Prevailing party" shall include without limitation a party who dismisses an action in exchange for

sums allegedly due; the party who receives performance from the other party for an alleged breach of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

13. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS. Before issuance of a Certificate of Completion, if Developer has obtained Agency's prior written approval, which approval Agency may withhold in exercise of its reasonable discretion and in consideration of the commercially reasonable protection of its interests under this DDA, the Developer may obtain a loan and encumber the Property as security for the loan, provided either that the proceeds of the loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms or that the loan is permanent project financing made upon usual and customary and commercially reasonable terms. Each lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a loan, Developer shall provide Agency with a conformed copy of all documents related to the loan. Agency acknowledges that a Lender will rely upon this DDA in making the loan and that Agency's obligations under this DDA are inducements to Lender's making of the loan.

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

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated _____ between the Housing Authority of the County of Sacramento and Cornerstone South Mutual Housing Associates, L.P., a California limited partnership ("DDA"). Lender requests, in accordance with this DDA, that if any default notice shall be given to Developer under this DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

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

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

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

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

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

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

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

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

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

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

13.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER. In reliance on the financial capability and experience of Developer, substantial public financing and other public aids have

been made available by law and by the federal and local governments to make development of the Property possible. Developer shall not, prior to issuance of a Certificate of Completion, assign Developer's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of Developer or the degree of their control of Developer without the prior written consent of Agency. Any assignment or other such prohibited act or transaction taken by Developer shall be void ab initio. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of Developer. Such a transfer as permitted in this Section shall not relieve Developer, or any other party bound in any way by this DDA, from any of its obligations under this DDA. With respect to this provision, the Developer and the parties signing this DDA on behalf of the Developer represent that they have the authority of all of Developer's principals to agree to and bind them to this provision.

14. CONCURRENT AGREEMENTS. The following agreements are to be executed and delivered to each party at the Effective Date:

14.1. LOAN AGREEMENT. The Funding Agreement governing the Unsecured Predevelopment Loan and Seller Carryback Loan.

14.2. PROMISSORY NOTE. The promissory note evidencing the loan.

14.3. REGULATORY AGREEMENT. The Regulatory Agreement sets out certain provisions of this DDA which shall survive the completion of the Improvements.

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

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

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

15.3. CAPTIONS, GENDER AND NUMBER. The section headings, captions and arrangement of this DDA are for the convenience of the parties to this DDA. The section headings, captions and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and

provisions of this DDA. The singular form shall include plural, and vice versa, and gender references shall be construed to include all genders.

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

15.5. NO MERGER. All of the terms, provisions, representations, warranties, and covenants of the parties under this DDA shall not be merged in the Grant Deed or other documents.

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

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

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

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

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

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

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

15.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the County of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Portfolio Management.

b) Developer: Cornerstone South Mutual Housing Associates, L.P., care of Mutual Housing California, 3321 Power Inn Rd Suite 320, Sacramento, CA 95826, Attention: Asset Management.

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

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

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

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

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

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

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

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

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

16.3. "Certificate of Completion" is the certificate issued by Agency certifying Developer's completion of the Project and termination of the revestment provisions.

16.4. "County" is the County of Sacramento in the State of California.

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

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

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

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

16.9. "Developer" is Cornerstone South Mutual Housing Associates, L.P., a California limited partnership. The principal office of the Developer is located at 3321 Power Inn Rd Suite 320, Sacramento, CA 95826. The principal of the Developer Roberto Jimenez.

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

16.11. "Escrow Instructions" are the escrow instructions for the close of the Escrow for the Grant Deed.

16.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at Public Resources Code Section 21000), the National Environmental Policy Act (commencing at United States Code Title 42, Section 4321), and the rules and regulations promulgated under such acts. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

16.13. "Funding Agreement" is the document that states the terms of the Unsecured Predevelopment Loan and Seller Carryback Loan.

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

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

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

16.17. "Plans" are the Project designs and elevations, prepared by the Project architect Salazar Architects, then approved by the Sacramento County Planning Commission on January 11, 2021, a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

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

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

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

16.21. "Purchase Price" is the purchase price for the Property as set out in Section 3.

16.22. "Regulatory Agreement" is the agreement, which sets out the certain provisions of this DDA that shall survive the completion of the Project.

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

16.24. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as Exhibit 3: Scope of Development.

16.25. "Title Company" is Placer Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 301 University Avenue, Suite 120, Sacramento, California 95825.

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

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

**DEVELOPER: CORNERSTONE SOUTH
MUTUAL HOUSING ASSOCIATES, L.P., A
CALIFORNIA LIMITED PARTNERSHIP**

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

BY: Cornerstone Mutual Housing
Association LLC, a California limited
liability company
Its: Managing General Partner

By: _____
La Shelle Dozier
Executive Director

By: Mutual Housing California, a California
nonprofit public benefit corporation
Its: sole and managing member

Approved as to form:

By: Roberto Jiménez
Its: CEO

Agency Counsel

EXHIBIT 1

Property Description

The land referred to is situated in the unincorporated area of the County of Sacramento, State of California, and is described as follows:

PARCEL ONE:

ALL THAT PORTION OF THE NORTHEAST 1/4 OF SECTION 32, TOWNSHIP 8 NORTH, RANGE 5 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID NORTHEAST 1/4, SAID POINT BEING ON THE NORTHEASTERLY LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN THE DEED RECORDED AUGUST 5, 1955, IN BOOK 2891 OF OFFICIAL RECORDS, AT PAGE 156, EXECUTED BY CHARLES W. BARDIN, AS ADMINISTRATOR WITH THE WILL ANNEXED OF THE ESTATE OF LILLIAN BARDIN, DECEASED TO THE STATE OF CALIFORNIA, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF THE NORTHEAST 1/4 BEARS SOUTH 89° 54' WEST 642.41 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHEASTERLY LINE OF SAID STATE OF CALIFORNIA PROPERTY NORTH 39° 51' 46" WEST 179.23 FEET; THENCE NORTH 00° 08' WEST 905.73 FEET TO A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492; THENCE ALONG SAID SOUTH LINE NORTH 89° 54' EAST 305.39 FEET TO A POINT ON THE WEST LINE OF THAT CERTAIN 20.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY J.B. SMITH, ET AL TO VIOLA MAY WILDER, ET UX, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 825 OF OFFICIAL RECORDS, AT PAGE 270; THENCE ALONG THE WEST LINE OF SAID 20.00 ACRE TRACT OF LAND AND THE SOUTHERLY PRODUCTION THEREOF SOUTH 00° 08' EAST 164.89 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN 10.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY MAYBELLE K. DANNSEY TO J.L. JONES, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1055 OF OFFICIAL RECORDS, AT PAGE 330; THENCE ALONG WEST LINE OF SAID 10.00 ACRE TRACT OF LAND SOUTH 00° 08' EAST 878.61 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 32; THENCE ALONG SAID SOUTH LINE SOUTH 89° 54' WEST 190.83 FEET TO A POINT OF BEGINNING.

PARCEL TWO:

AN EASEMENT NAMELY FOR INGRESS AND EGRESS AND FOR ALL PUBLIC UTILITIES FOR THE REAL PROPERTY DESCRIBED ABOVE AND ANY PART THEREOF, OVER, UNDER, ALONG AND ACROSS THAT PORTION OF THE NORTHEAST 1/4 OF SAID SECTION 32, DESCRIBED AS FOLLOWS: A STRIP OF LAND 42 FEET IN WIDTH, MEASURED AT RIGHT ANGLES, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL, TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF SAID NORTHEAST BEARS SOUTH 89° 54' WEST 402.55 FEET AND THENCE SOUTH 00° 12' EAST 1043.49 FEET; THENCE FROM SAID BEGINNING SOUTH 00° 12' EAST 121.00 FEET; THENCE NORTH 89° 54' EAST 126.51 FEET.

APN: 039-0011-013-0000

EXHIBIT 2

Schedule of Performances

May 13, 2021	CTCAC (4%)/CDLAC (MRB) Application Deadline
August 11, 2021	CTCAC (4%) Allocation Meeting
October 2021	Closing Calls Begin
Spring 2022	Close of Escrow
Spring 2024	Construction Completion

EXHIBIT 3

Scope of Development Cornerstone, a Mutual Housing Community (North and South Developments)

I. Project Description

Cornerstone, a Mutual Housing Community, is in the unincorporated area of Sacramento County (County), South Sacramento community. The site is generally located adjacent to 44th Street and LeDonne Drive. The new construction project will bring 108 units of affordable housing to South Sacramento. The Project will comply with the American with Disabilities Act (ADA).

The scope of development below covers both Cornerstone North (48 units) and Cornerstone South (60 units). Sacramento County is considering entitlements for the two lots as a single project. As such, the County is not considering site-wide items such as stormwater retention, play areas, trash enclosures, and parking minimums on a parcel-by-parcel basis, but together as a full 108-unit project. Additionally, the project will be constructed as a single construction project and will be operated as a single project. Construction materials will be new, excepting recycled items with written pre-approval from SHRA. All building and site improvements will adhere to SHRA's minimum construction standards.

II. Site Improvements

1. **Landscaping:** Project will be designed in accordance with County requirements and subject to SHRA approval.
 - a) Existing trees shall be evaluated by an arborist and trimmed/removed according to the evaluation. Any tree trimming or tree removal will either occur outside the nesting season for nesting birds.
 - b) All soil shall be covered in mulch, bark or some other ground cover with a weed barrier. Soil in planter areas shall be established to a depth that ensures the ground cover does not freely spill into the adjacent concrete pathway. Planters shall be sloped away from the building foundation with a minimum two percent (2%) slope.
2. **Irrigation System:** The automated irrigation system incorporates a "SMART controller" that senses rain to reduce water use. Irrigation piping and fixtures shall be installed with new system that includes appropriate water efficient fixtures.
3. **Playground Equipment:** A playground with equipment suitable for children up to age 12, and equipment suitable for toddlers, will be installed onsite.

4. **Pedestrian and Fire-access Gates:** Gates will meet code requirements.
5. **Site Accessories:** Bike racks, tables, benches, barbeques, etc., will be included in the development.
6. **Perimeter Fence:** The site will not include full perimeter fencing, but will construct a CMU wall on the site's western border adjacent to Chateau Lang Apartments.
7. **Asphalt Parking Lot and Drive Aisles:** Parking lot and drive aisles will be designed in accordance with geotechnical recommendations. The parking lot will meet current code and ADA requirements, with respect to including required ADA van accessible parking. There will be a total of 111 parking spaces.

III. Building Exterior Improvements

8. **Roof:** The roofing of all buildings have a minimum 20-year warranty Asphalt Composition Shingles.
9. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
10. **Siding:** Exterior siding of the residential buildings will be a cementitious siding (lap and panel).
11. **Balcony and Patio Enclosures:** Ground floor apartments will have private patios on grade; while upper level apartments will have balconies with composite decking.
12. **Paint:** Building will have interior and exterior painting. Non-habitable structures on the property will match the habitable buildings.
13. **Windows and Sliders:** All windows will be energy-efficient windows. Windows will be designed to open and will have screens. Operable windows will have functional locks, and will be operable without excessive effort.
14. **Trash Enclosures:** The site will contain three trash enclosures with concrete aprons located in Auto Court's 1, 2, and 3.
15. **Lighting:** The exterior wall light fixtures will feature energy efficient wallpacks to increase visibility. Site pole lights will have LED fixtures.
16. **Sidewalks and Ramps:** The sidewalks and ramps will meet current code and ADA requirements throughout the Project.

17. **Mailbox Units:** New cluster mailbox units will be installed and shall include space for larger parcels delivered to site.
18. **Stairways, Railings and Landings:** Common area stairs will meet current accessible codes for treads and risers, guardrails and handrails. Bottom of stairs will either be closed off for storage or provided with cane rails. Stairways in common areas will include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
19. **Signage:** Monument signage, buildings, apartments, garages, parking, ADA, and property signage throughout as required by current code.
20. **Security:** New CCTV system with web-based cameras at primary automobile entrances, parking, common areas, mailboxes and community room(s).
21. **Exterior Building Systems:** Exterior mounted electrical, mechanical, and plumbing systems will be protected from vandalism

IV. Building Interior

1. **ADA units:** There will be a total of 11 accessible units. 10% (11 units) will be fully accessible and 4% (5 units) will have hearing / visual equipment.
2. **Central Heating, Ventilation and Air Conditioning Systems (HVAC):** All of the buildings will have a) the duct work, air distribution and air supply and exhaust systems will be installed b) new EnergyStar or better HVAC split systems installed; new air output; and c) new intake vents will be installed.
3. **Water heaters:** All units will have EnergyStar water heaters.
4. **Water distribution System:** Water distribution system will be made of PEX piping for the branch lines and Aquatherm piping for the main water lines.
5. **Kitchens:** All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing electric range/oven combination appliances, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better. All kitchens will have adequate counter space and cabinet space. Shelving for microwaves will be provided in non-ADA units.
6. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods and curtains), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. A humidistat fan will be installed in all bathrooms. Tub surrounds will be one single solid surface per wall.

7. **Ceilings and Walls:** All interior walls and ceilings will have a drywall finish. In select areas of common areas (lobbies, community room, office areas, etc.) higher grade finishes (wood, tile, etc.) and acoustic panels / clouds may be used.
8. **Doors:** All doors will be new and will meet current egress standards. All door hardware will have matching finishes. Exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware will have single action hardware to release deadbolt and latch assembly. All sliding exterior doors will have screen doors and shall have functional locks and must operate freely without excessive effort.
9. **Flooring:** New vinyl sheet flooring will be installed in all residential unit kitchens and living rooms. Carpet will be installed in bedrooms.
10. **Windows:** New window blinds will be installed on all windows and sliders.
11. **Paint:** Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
12. **Electrical:** GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units. Broadband infrastructure will be provided.
13. **Lighting:** All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy efficient light fixtures installed.

V. Community Areas

1. **Community Room, Office, Kitchen and Restroom:**
 - a) The amenity space at Lot 1 will be 3,350 SF and includes a community room with shared kitchen, offices, and other community space.
 - b) The kitchen will have solid-surface counters, refrigerator/freezer combination appliance, free-standing electric range/oven combination appliances, micro-hood combination appliance, dishwasher, sink, garbage disposal and low-flow faucets. All appliances will be EnergyStar or better. Furniture, fixtures, and cabinets will be installed.
 - c) The restrooms will meet current code and ADA requirements.
 - d) Flooring in common areas will be LVP (minimum 20 mil wear layer) or carpet.

2. **Laundry Facilities:** All laundry facilities will meet code and ADA requirements. New vinyl sheet flooring, windows, doors, washer and dryer appliances, counter for folding laundry, lighting fixtures, humidistat, and paint on walls and ceilings will be installed. A total of 13 washers and 13 dryers will be installed. Cornerstone South will have seven (7) laundry sets, including six (6) ADA laundry sets. Cornerstone North will have six (6) ADA laundry sets. In the three story building, there will be one laundry room on each floor.

Attachment 1: Rental Property Minimum Construction Standards are attached and incorporated in this Scope of Development.

Attachment 1: Rental Property Minimum Construction Standards

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

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

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

Useful Life Expectancy – Rehabilitation only

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

General Requirements

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

General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.

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

Site Work

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

Site Work – Rehabilitation only

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another

approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.

- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

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

Doors and Windows

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

Doors and Windows – Rehabilitation only

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

Casework

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

Casework – Rehabilitation only

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

Finishes

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.

In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.

Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

Finishes – Rehabilitation only

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

Equipment

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

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

Electrical – Rehabilitation only

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

Resident Services Community Space

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

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

End of Scope of Development

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street
Sacramento, CA 95814

DISPOSITION AND DEVELOPMENT AGREEMENT
CORNERSTONE, A HABITAT FOR HUMANITY OF GREATER SACRAMENTO COMMUNITY
46TH STREET, SACRAMENTO, CA 95823

HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

HABITAT FOR HUMANITY OF GREATER SACRAMENTO

May 1, 2021

DISPOSITION AND DEVELOPMENT AGREEMENT
CORNERSTONE, A HABITAT FOR HUMANITY OF GREATER SACRAMENTO COMMUNITY
46th Street, Sacramento, CA 95823

THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO (“Agency”), and HABITAT FOR HUMANITY OF GREATER SACRAMENTO (“Developer”) enter into this Disposition and Development Agreement (this “DDA”), as of May 1, 2021 (the “Effective Date”). For purposes of this DDA, the capitalized terms shall have the meanings assigned in Section 16.

RECITALS

- A. Agency is the owner of real property located at 46th Street, Sacramento, CA 95823 in the County of Sacramento, State of California, more particularly described in the Property Description.
- B. In accordance with Health & Safety Code Section 34312.3(b), Agency has held, or will hold, a public hearing to disclose the disposition of the Property. Upon disposition of the Property, proceeds will be used directly to assist the development of low income housing within Agency’s boundaries.
- C. In order to accomplish such purpose, this DDA provides that Agency will transfer Agency’s interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

AGREEMENT

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

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: