

- 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**

**PROMISSORY NOTE**  
**FOR VILLA JARDIN/ CORAL GABLES**  
**CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

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

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

DEFINED TERM:	DEFINITION:
“Effective Date”	October 1, 2021
“Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Borrower”	Villa Jardin/Coral Gables, L.P.
“Borrower Legal Status”	a California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	One Million Nine Hundred Thousand Dollars and No Cents (\$1,900,000.00). As of the date of this Agreement, pursuant to the Predevelopment Loan Agreement, the Authority has disbursed Five Hundred Thousand Dollars and No Cents (\$500,000.00) to Borrower. Upon execution of the Note by Borrower, (i) the Predevelopment Loan note shall be cancelled and returned to Borrower, (ii) the Predevelopment Loan Agreement shall be terminated, and (iii) all disbursements under the Predevelopment Loan Agreement shall be deemed to have been disbursed under, and shall be governed by, this Agreement. For the avoidance of doubt, the \$1,900,000.00 Loan provided for herein is inclusive of the \$500,000.00 Predevelopment Loan proceeds.
“Interest Rate”	The interest rate is 3% per year, simple interest.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: <div style="float: right; border: 1px solid black; padding: 2px;">The Effective Date</div>
“Special Terms”	At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original Budget approved by the Lender, the Lender shall withhold for itself as Loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Loan based upon this cost certification and the original approved Budget for the Project.
<b>PAYMENT SCHEDULE.</b> Repayment of this Note shall be made as follows:	
“Maturity Date”	The first day of the 684th calendar month following the Effective Date: October 1, 2078.

<p>“Payment Schedule”</p>	<p>Payments of the Principal Amount and any outstanding interest accrued thereon (“Annual Loan Payments”) will be made on a Residual Receipts basis (as defined below) beginning on the first (1st) day of May following conversion of that certain Construction and Permanent Loan for Villa Jardin and Coral Gables to permanent financing and the initial annual audited financial statement, as defined below, and shall continue annually each May 1 until the Maturity Date, when all outstanding principal and interest shall become due and payable (each an “Installment Period”). Annual Loan Payments shall be applied first to outstanding interest accrued and unpaid and then to the Principal Amount.</p> <p>Any capitalized terms used in this Payment Schedule definition and not defined in the Loan Documents shall have the meanings assigned to them in the First Amended and Restated Agreement of Limited Partnership made and entered into by and among JSCo Villa Jardin/Coral Gables, LLC, a California limited liability company (the “Administrative General Partner”), PacH Lancaster Holdings, LLC, a California limited liability company (the “Managing General Partner”), and Wincopin Circle LLLP, a Maryland limited liability limited partnership, its successors and assigns (the “Limited Partner”).</p> <p>“Residual Receipts” means Net Operating Income (or “NOI”) (as defined below) less each of the following payments made in the order of priority set forth below during each Installment period, as confirmed by Financial Statements from the preceding year. In no event shall any item be paid during any Installment period unless all items prioritized above it have received its full payment during such Installment period. Payment priority shall be as follows, with the highest priority starting with item one (1) and descending downward to item six (6):</p> <ol style="list-style-type: none"> <li>(1) Mandatory debt service payments to repay the senior permanent loan;</li> <li>(2) Tax credit adjuster and tax liability payments to the Limited Partner;</li> <li>(3) Asset management fee (also referred to as Investor Services Fee) up to \$5,000 annually as of the Effective Date escalating at 3% annually;</li> <li>(4) Deferred Developer Fee as of the Effective Date, until paid in full;</li> <li>(5) Partnership Management Administration Fee up to \$20,000 annually as of the Effective Date escalating at 3% annually;</li> <li>(6) After categories one (1) through five (5) of payment priority waterfall are paid, 100% of the available cash flow from NOI distributed in the following manner: <ol style="list-style-type: none"> <li>a) 50% to Borrower; and</li> <li>b) 33.05% to California Department of Housing and Community Development (HCD) to repay the Multifamily Housing Program (MHP) loan until it has been fully repaid (with interest); and</li> <li>c) 16.72% to Lender to repay: the HOME Investment Partnerships Program (“HOME”) loan until it has been fully repaid (with interest); and then to repay the Housing Trust Fund (“HTF”) loan until it has been fully repaid (with interest); and then to repay the Mental Health Services Act (“MHSA”) loan until it has been fully repaid (with interest); and</li> <li>d) 0.23% to the Housing Authority of the City of Sacramento (“HACS”) to repay the Acquisition with Rehabilitation Federal Program (“ARFP”) loan until it has been fully repaid (with interest)</li> </ol> </li> </ol>
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	<p>The Net Operating Income is defined as “Revenue” less “Operating Expenses.” “Revenue” means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants’ security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.</p> <p>“Operating Expenses” shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals; and monitoring fees to: a) HCD with respect to the MHP loan, b) SHRA with the respect to the HOME, HTF and MHSA loans, and c) HACS with the respect to the ARFP loan and mortgage revenue bonds. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.</p>
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**FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY** to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement (as defined in the Loan Agreement), the making of which is further consideration for this Note.
2. All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then to interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.
3. This Note is secured by a Deed of Trust and Assignment of Rents against the real property described in the Loan Agreement (“Property”), recorded in the office of the County Recorder of Sacramento County (“Trust Deed”). The Trust Deed securing this Note provides that Lender may, at its option, declare all funds secured by the Trust Deed immediately due and payable if any interest in the Property is refinanced, sold, hypothecated, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender’s written notice to Borrower of such failure, Lender may, at its option, declare all funds secured by the Trust Deed immediately due and payable.
4. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.
5. Lender and Borrower shall comply with and fulfill the Special Terms.

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

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

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

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

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

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

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

g. Any of the following occur:

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

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

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

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

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

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

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

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

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

**Borrower:**

**VILLA JARDIN/CORAL GABLES, L.P.,  
a California limited partnership**

By: JSCo Villa Jardin/Coral Gables LLC,  
a California limited liability company,  
its administrative general partner

By: John Stewart Company,  
a California corporation,  
its sole member and manager

By: \_\_\_\_\_  
Jack D. Gardner,  
President and CEO

By: PacH Lancaster Holdings, LLC,  
a California limited liability company  
its managing general partner

By: Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
its sole member and manager

By: \_\_\_\_\_  
Mark A. Wiese,  
President

**PROMISSORY NOTE**  
**FOR VILLA JARDIN/CORAL GABLES**  
**CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

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

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

DEFINED TERM:	DEFINITION:
“Effective Date”	October 1, 2021
“Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Borrower”	Villa Jardin/Coral Gables, L.P.
“Borrower Legal Status”	a California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	Two Million One Hundred Twenty Thousand Dollars and No Cents (\$2,120,000.00)
“Interest Rate”	The interest rate is 3% per year, simple interest.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: <span style="float: right;">The Effective Date</span>
“Special Terms”	At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original Budget approved by the Lender, the Lender shall withhold for itself as Loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Loan based upon this cost certification and the original approved Budget for the Project.
<b>PAYMENT SCHEDULE.</b> Repayment of this Note shall be made as follows:	
“Maturity Date”	The first day of the 684th calendar month following the Effective Date: October 1, 2078.



<p>“Payment Schedule”</p>	<p>Payments of the Principal Amount and any outstanding interest accrued thereon (“Annual Loan Payments”) will be made on a Residual Receipts basis (as defined below) beginning on the first (1st) day of May following conversion of that certain Construction and Permanent Loan for Villa Jardin and Coral Gables to permanent financing and the initial annual audited financial statement, as defined below, and shall continue annually each May 1 until the Maturity Date, when all outstanding principal and interest shall become due and payable (each an “Installment Period”). Annual Loan Payments shall be applied first to outstanding interest accrued and unpaid and then to the Principal Amount.</p> <p>Any capitalized terms used in this Payment Schedule definition and not defined in the Loan Documents shall have the meanings assigned to them in the First Amended and Restated Agreement of Limited Partnership made and entered into by and among JSCo Villa Jardin/Coral Gables, LLC, a California limited liability company (the “Administrative General Partner), PacH Lancaster Holdings, LLC, a California limited liability company (the “Managing General Partner”), and Wincopin Circle LLLP, a Maryland limited liability limited partnership, its successors and assigns (the “Limited Partner”).</p> <p>“Residual Receipts” means Net Operating Income (or “NOI”) (as defined below) less each of the following payments made in the order of priority set forth below during each Installment period, as confirmed by Financial Statements from the preceding year. In no event shall any item be paid during any Installment period unless all items prioritized above it have received its full payment during such Installment period. Payment priority shall be as follows, with the highest priority starting with item one (1) and descending downward to item six (6):</p> <ol style="list-style-type: none"> <li>(1) Mandatory debt service payments to repay the senior permanent loan;</li> <li>(2) Tax credit adjuster and tax liability payments to the Limited Partner;</li> <li>(3) Asset management fee (also referred to as Investor Services Fee) up to \$5,000 annually as of the Effective Date escalating at 3% annually;</li> <li>(4) Deferred Developer Fee as of the Effective Date, until paid in full;</li> <li>(5) Partnership Management Administration Fee up to \$20,000 annually as of the Effective Date escalating at 3% annually;</li> <li>(6) After categories one (1) through five (5) of payment priority waterfall are paid, 100% of the available cash flow from NOI distributed in the following manner: <ol style="list-style-type: none"> <li>a) 50% to Borrower; and</li> <li>b) 33.05% to California Department of Housing and Community Development (HCD) to repay the Multifamily Housing Program (MHP) loan until it has been fully repaid (with interest); and</li> <li>c) 16.72% to Lender to repay: the HOME Investment Partnerships Program (“HOME”) loan until it has been fully repaid (with interest); and then to repay the Housing Trust Fund (“HTF”) loan until it has been fully repaid (with interest); and then to repay the Mental Health Services Act (“MHSA”) loan until it has been fully repaid (with interest); and</li> <li>d) 0.23% to the Housing Authority of the City of Sacramento (“HACS”) to repay the Acquisition with Rehabilitation Federal Program (“ARFP”) loan until it has been fully repaid (with interest).</li> </ol> </li> </ol>
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	<p>The Net Operating Income is defined as “Revenue” less “Operating Expenses.” “Revenue” means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants’ security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.</p> <p>“Operating Expenses” shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals; and monitoring fees to: a) HCD with respect to the MHP loan, b) SHRA with the respect to the HOME, HTF and MHSA loans, and c) HACS with the respect to the ARFP loan and mortgage revenue bonds. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.</p>
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**FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY** to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement (as defined in the Loan Agreement), the making of which is further consideration for this Note.
2. All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then to interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12<sup>th</sup> Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.
3. This Note is secured by a Deed of Trust and Assignment of Rents against the real property described in the Loan Agreement (“Property”), recorded in the office of the County Recorder of Sacramento County (“Trust Deed”). The Trust Deed securing this Note provides that Lender may, at its option, declare all funds secured by the Trust Deed immediately due and payable if any interest in the Property is refinanced, sold, hypothecated, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender’s written notice to Borrower of such failure, Lender may, at its option, declare all funds secured by the Trust Deed immediately due and payable.
4. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.
5. Lender and Borrower shall comply with and fulfill the Special Terms.

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

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

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

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

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

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

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

g. Any of the following occur:

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

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

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

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

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

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

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

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

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

**Borrower:**

**VILLA JARDIN/CORAL GABLES, L.P.,**  
a California limited partnership

By: JSCo Villa Jardin/Coral Gables LLC,  
a California limited liability company,  
its administrative general partner

By: John Stewart Company,  
a California corporation,  
its sole member and manager

By: \_\_\_\_\_  
Jack D. Gardner,  
President and CEO

By: PacH Lancaster Holdings, LLC,  
a California limited liability company  
its managing general partner

By: Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
its sole member and manager

By: \_\_\_\_\_  
Mark A. Wiese,  
President

Exhibit 4A: HTF Deed

NO FEE DOCUMENT:

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

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

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**DEED OF TRUST AND ASSIGNMENT OF RENTS**  
Villa Jardin/Coral Gables

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

TERM	DEFINITION
"Effective Date"	October 1, 2021
"Trustor" and "Borrower"	Villa Jardin/Coral Gables, L.P., a California limited partnership
"Borrower Address"	1388 Sutter Street, 11th Floor San Francisco, CA 94109
"Trustee"	Old Republic Title Company
"Beneficiary" and "Lender"	Sacramento Housing and Redevelopment Agency, a joint powers agency
"Lender Address"	801 12th Street, Sacramento, California 95814
"Property"	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.
	Address and Assessor's Parcel Number (APN)      2621 Meadowview Road, Sacramento, CA 95832 (APN: 049-0250-033-0000 and 049-0250-034-0000); 41 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-033-0000); 49 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-027-0000); 63 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-028-0000); and 81 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-035-0000)
"Legal Description"	The Legal Description of the Property which is more particularly described in the attached <b>Exhibit 1 Legal Description</b> , which is incorporated in and an integral part of this Deed of Trust
"Loan"	Which is Lender's loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.
"Loan Agreement"	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan.
	Which is dated:                      October 1, 2021

"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	Wincopin Circle LLLP c/o Enterprise Community Asset Management, Inc. 70 Corporate Center 11000 Broken Land Parkway, Suite 700 Columbia, MD 21044 Attention: Asset Management Telephone: (410) 964-0552 Facsimile: (410) 772-2630 (the "Tax Credit Limited Partner")	
	With a copy to: Email: sshack@enterprisecommunity.com Attention: General Counsel  PacH Lancaster Holdings, LLC ("Managing General Partner") c/o Pacific Housing, Inc., 2115 J Street, Suite 201 Sacramento, CA 95816 Attn: Mark Wiese  With a copy to: Cox, Castle & Nicholson LLP 50 California St., Suite 3200 San Francisco, CA 94111 Attn: Christian Dubois	
"Note"	Which is Borrower's promissory note made in accordance with the Loan Agreement evidencing the following principal sum or such lesser amount as shall equal the <u>aggregate amount disbursed to Borrower by Lender, with interest.</u>	
	Which has a principal sum of	One Million Nine Hundred Thousand Dollars and No Cents (\$1,900,000.00)
"Regulatory Agreement"	Which is that certain Regulatory for Residential Rental Property and Declaration of Restrictive Covenants Affecting Real Property entered into by and between Borrower and Lender as additional consideration for Lender making the Loan.	
	Which is dated:	October 1, 2021

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

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

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

property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

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

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

Borrower and Lender covenant and agree as follows:

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

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

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

4. Liability Insurance. In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.
5. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.
6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving

a bankrupt or decedent, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

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

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

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

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

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

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

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

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

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

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



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

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

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

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property) the Regulatory Agreement, or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees. Tax Credit Limited Partner shall have the right but not the obligation to cure a default hereunder on behalf of Borrower on the same terms as cure by Borrower.

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

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

regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

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

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

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

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

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

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

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

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

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

25. Extended Use Agreement. In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender expressly agrees to undertake, with respect to low-income housing tenants, the requirements of Section 42(h)(6)(E)(ii) of the Code, as amended from time to time.

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

**BORROWER (Trustor):**

**VILLA JARDIN/CORAL GABLES, L.P.,  
a California limited partnership**

By: JSCo Villa Jardin/Coral Gables LLC,  
a California limited liability company,  
its administrative general partner

By: John Stewart Company,  
a California corporation,  
its sole member and manager

By: \_\_\_\_\_  
Jack D. Gardner,  
President and CEO

By: PacH Lancaster Holdings, LLC,  
a California limited liability company  
its managing general partner

By: Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
its sole member and manager

By: \_\_\_\_\_  
Mark A. Wiese,  
President

**Exhibit 4B: MHS A Deed**

**NO FEE DOCUMENT:**

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

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

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**DEED OF TRUST AND ASSIGNMENT OF RENTS**  
Villa Jardin/Coral Gables

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

TERM	DEFINITION
“Effective Date”	October 1, 2021
“Trustor” and “Borrower”	Villa Jardin/Coral Gables, L.P., a California limited partnership
“Borrower Address”	1388 Sutter Street, 11th Floor San Francisco, CA 94109
“Trustee”	Old Republic Title Company
“Beneficiary” and “Lender”	Sacramento Housing and Redevelopment Agency, a joint powers agency
“Lender Address”	801 12th Street, Sacramento, California 95814
“Property”	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.
	Address and Assessor’s Parcel Number (APN) 2621 Meadowview Road, Sacramento, CA 95832 (049-0250-033-0000 and 049-0250-034-0000); 41 Coral Gables Court, Sacramento, CA 95822 (049-0250-033-0000); 49 Coral Gables Court, Sacramento, CA 95822 (049-0250-027-0000); 63 Coral Gables Court, Sacramento, CA 95822 (049-0250-028-0000); and 81 Coral Gables Court, Sacramento, CA 95822 (049-0250-035-0000).
“Legal Description”	The Legal Description of the Property which is more particularly described in the attached <b>Exhibit 1 Legal Description</b> , which is incorporated in and an integral part of this Deed of Trust
“Loan”	Which is Lender’s loan to Borrower evidenced by the Note and which is secured by this Deed of Trust.
“Loan Agreement”	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan.
	Which is dated: October 1, 2021

"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	Wincopin Circle LLLP c/o Enterprise Community Asset Management, Inc. 70 Corporate Center 11000 Broken Land Parkway, Suite 700 Columbia, MD 21044 Attention: Asset Management Telephone: (410) 964-0552 Facsimile: (410) 772-2630 (the "Tax Credit Limited Partner")	
	With a copy to: Email: sshack@enterprisecommunity.com Attention: General Counsel  PacH Lancaster Holdings, LLC ("Managing General Partner") c/o Pacific Housing, Inc., 2115 J Street, Suite 201 Sacramento, CA 95816 Attn: Mark Wiese  With a copy to: Cox, Castle & Nicholson LLP 50 California St., Suite 3200 San Francisco, CA 94111 Attn: Christian Dubois	
"Note"	Which is Borrower's promissory note made in accordance with the Loan Agreement evidencing the following principal sum or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Lender, with interest.	
	Which has a principal sum of	Two Million One Hundred and Twenty Thousand Dollars and No Cents (\$2,120,00)
"Regulatory Agreement"	Which is that certain Regulatory for Residential Rental Property and Declaration of Restrictive Covenants Affecting Real Property entered into by and between Borrower and Lender as additional consideration for Lender making the Loan.	
	Which is dated:	October 1, 2021

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

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

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

property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

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

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

Borrower and Lender covenant and agree as follows:

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

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

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

4. Liability Insurance. In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.
5. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.
6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving

a bankrupt or decedent, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

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

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

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

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

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

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

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

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

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

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

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

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

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

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, (including the covenants to pay when due any sums secured by this Deed of Trust and restricting transfer of the Property) the Regulatory Agreement, or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees. Tax Credit Limited Partner shall have the right but not the obligation to cure a default hereunder on behalf of Borrower on the same terms as cure by Borrower.

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

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



regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

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

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

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

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

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

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

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

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

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

25. Extended Use Agreement. In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender expressly agrees to undertake, with respect to low-income housing tenants, the requirements of Section 42(h)(6)(E)(ii) of the Code, as amended from time to time.

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

**BORROWER (Trustor):**

**VILLA JARDIN/CORAL GABLES, L.P.,  
a California limited partnership**

By: JSCo Villa Jardin/Coral Gables LLC,  
a California limited liability company,  
its administrative general partner

By: John Stewart Company,  
a California corporation,  
its sole member and manager

By: \_\_\_\_\_  
Jack D. Gardner,  
President and CEO

By: PacH Lancaster Holdings, LLC,  
a California limited liability company  
its managing general partner

By: Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
its sole member and manager

By: \_\_\_\_\_  
Mark A. Wiese,

Exhibit 5B: MHS Regulatory Agreement

NO FEE DOCUMENT:

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

When recorded, return to:

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

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

<b>PROJECT NAME:</b>	Villa Jardin/Coral Gables
<b>PROJECT ADDRESS AND ASSESSOR'S PARCEL NUMBER (APN):</b>	2621 Meadowview Road, Sacramento, CA 95832 (APN: 049-0250-033-0000 and 049-0250-034-0000); 41 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-033-0000); 49 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-027-0000); 63 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-028-0000); and 81 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-035-0000)

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

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

<b>TERM</b>	<b>DEFINITION</b>
"Effective Date"	This Regulatory Agreement shall be effective as of the following date: October 1, 2021
"Agency"	Sacramento Housing and Redevelopment Agency a joint powers agency.
"Agency Address"	Agency's business address is 801 12th Street, Sacramento, California 95814
"Owner"	Villa Jardin/Coral Gables, L.P.
"Owner Address"	Owner's business address is as follows: 1388 Sutter Street, 11th Floor San Francisco, CA 94109
"Jurisdiction"	City of Sacramento
"Property"	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as <b>Exhibit 1 – Legal Description of the Property</b> and incorporated in this Regulatory Agreement by this reference

“Funding Agreement”	The Funding Agreement between Agency and Owner as follows:	Titled:	Construction and Permanent Loan Agreement
		Dated:	October 1, 2021
“Agency Funding”	Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property		
“Agency Funding Amount”	The amount of Agency Funding, as follows:		\$1,900,000.00 in HTF, inclusive of the \$500,000 Predevelopment Loan
“Proportionate Agency Assistance”	The percentage of the Project cost, including without limitation, land, predevelopment and development costs, that is attributable to Agency Funding. For rehabilitation projects, the percentage that Agency Funding bears to the total of the fair market value of the Property before rehabilitation and the total costs of rehabilitation.		5.43%
“Funding Requirements”	The legal restrictions on the use of the funds that Agency has used to make Agency Funding, as applicable to and restricting the Property. The Funding Requirements are set out in <b>Exhibit 2 – Funding Requirements</b> .		
“Approved Use”	The only permitted use of the Property, which is as a residential property available for rent by the general public and containing not less than the following number of units:		82

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

Notwithstanding any conflicting provision in the Funding Requirements, the Initial Rent per Unit per Month listed in this Regulatory Agreement shall be paramount and controlling.

Agency Funding Source:	Affordability Level:	Number of Units:	Restricted Units:	Initial Rent per Unit per Month <sup>1</sup> :
Housing Trust Funds (HTF)	50% Area Median Income (AMI) (Very Low Income)	2	One Bedroom	\$906.00
HTF	50% AMI (Very Low Income)	8	Two Bedroom	\$1,020.00
<b>Total</b>		<b>10</b>		

<sup>1</sup>Subsection §92.252(b)(2): Qualification as affordable housing - Rental housing: If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

**4. MANAGEMENT AGREEMENT.** Owner agrees that at all times the Project shall be managed by a property manager (i) approved by Agency in its reasonable discretion and (ii) who has successfully managed at least five projects over forty units in size and subject to a recorded regulatory agreement for at least three years' prior to the application, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the “Manager”). Owner shall submit to Agency from time to time such information about the background, experience and financial condition of any existing or proposed Manager as

Agency may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. Agency reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of the Funding Agreement. Owner agrees to cooperate with Agency in such reviews.

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

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

<b>Approved Management Company</b>
The John Stewart Company

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

Provision	Term
<b>ANNUAL ADMINISTRATIVE FEE.</b> Owner agrees to pay an annual administrative fee ("Fee") to Agency as compensation for monitoring compliance with regulatory restrictions and the administration of the Loan. Owner shall pay annually a Fee equal to 12.5 basis points (0.125%) of the bond amount and One Hundred Dollars and No Cents (\$100.00) for each unit assisted by the Loan Program, not to exceed Twenty-Five Thousand Dollars and No Cents (\$25,000.00). Fee payments shall commence on the Closing Date for the prorated semiannual period from the Closing Date to and including October 2021, and in equal semiannual installments in advance on each April 1 and October 1 of each year thereafter throughout the term of the Regulatory Agreement.	See Term in Section 9 of this Regulatory Agreement.

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

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

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

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

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

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

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

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

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

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

i. Owner shall provide Agency with a detailed resident services plan including but not limited to the following information: (1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; (2) a description of the services to be provided; (3) a resident services budget and proforma; and (4) Agency approved resident services at the Project according to the following minimum schedule of fifteen (15) hours per week:

1) Coordinator: four (4) hours per week; and

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

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

- Educational classes such as nutrition, exercise, health resources, health insurance application assistance, annual onsite health fair, English as a Second Language (ESL) classes;
- Socialization activities such as bingo, gardening and community building events; and
- Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.

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

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

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

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

**9. TERM.** The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, the terms stated in the Funding Requirements, have expired or otherwise been terminated. Notwithstanding the term in the Funding Requirements, the term of this Regulatory Agreement shall be thirty (30) years from the Effective Date.

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

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

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

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

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

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

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

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

**18. REGULATORY AGREEMENT VIOLATIONS.** Owner shall pay the program compliance fees and expenses to Agency set forth in Compliance Violations and Actions (Exhibit 3 - Compliance Violations and Actions) in reimbursement of the amounts and time expended by Agency to insure Owner's compliance with State statutes and federal regulations and Owner's obligations under this Regulatory Agreement as a result of Owner not meeting its obligations and reporting requirements. No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Compliance Violations and Actions tables.

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

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

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

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



receiving an award in arbitration or a judgment in its favor, unless the award or judgment is less favorable than the best settlement offered in writing in a reasonable manner by the other party, in which case the prevailing party is the other party.

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

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

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

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

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

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

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

**OWNER:**

**VILLA JARDIN/CORAL GABLES, L.P.,  
a California limited partnership**

By: JSCo Villa Jardin/Coral Gables LLC,  
a California limited liability company,  
its administrative general partner

By: John Stewart Company,  
a California corporation,  
its sole member and manager

By: \_\_\_\_\_  
Jack D. Gardner,  
President and CEO

By: PacH Lancaster Holdings, LLC,  
a California limited liability company  
its managing general partner

By: Pacific Housing, Inc.,  
a California nonprofit public  
benefit corporation,  
its sole member and manager

By: \_\_\_\_\_  
Mark A. Wiese,  
President

**AGENCY:**

**SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY, a joint powers  
agency**

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

Approved as to form: \_\_\_\_\_  
Agency Counsel

## **EXHIBIT 1**

Legal Description To Be Updated Prior To Closing

## **EXHIBIT 2**

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

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

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

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

a. Low-Income Units shall be rented for not more than thirty percent (30%) of sixty percent (60%) of the Sacramento Metropolitan Statistical Area median income (“Median Income”), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.

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

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

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

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

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

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

**EXHIBIT 3**

**Compliance Violations and Actions**

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

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

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

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

	Submit correction letter with documentation to compliance staff.	
Excessive amount of trash/garbage in the unit	\$75 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit and send letter of correction to compliance staff.	14-days from date of discovery to avoid an additional \$75 per day thereafter each day corrective action not taken.
Hazardous exterior conditions	\$500 for hazardous conditions. Additional \$75 charge per day if not corrected. \$75 re-inspection fee. Correction: Clean and/or repair as necessary. Re-inspection to verify problem addressed.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Large holes walls/ceiling	\$100 per unit. Additional \$75 charge per day if not corrected. Correction: Submit correction letter with documentation to compliance staff.	30-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-Operable Security Gate	\$500 per non-working gate. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
No Security Cameras (if cameras required)	\$250 per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Replace cameras.	30-days from the date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working Security Cameras	\$100 per camera per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-working or non-accessible amenities/services	\$100 per item per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.

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

Exhibit 5B: MHSA Regulatory Agreement

NO FEE DOCUMENT:

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

When recorded, return to:

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

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

<b>PROJECT NAME:</b>	Villa Jardin/Coral Gables
<b>PROJECT ADDRESS AND ASSESSOR'S PARCEL NUMBER (APN):</b>	2621 Meadowview Road, Sacramento, CA 95832 (APN 049-0250-033-0000 and 049-0250-034-0000); 41 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-033-0000); 49 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-027-0000); 63 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-028-0000); and 81 Coral Gables Court, Sacramento, CA 95822 (APN 049-0250-035-0000)

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

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

TERM	DEFINITION
"Effective Date"	This Regulatory Agreement shall be effective as of the following date: October 1, 2021
"Agency"	Sacramento Housing and Redevelopment Agency a joint powers agency.
"Agency Address"	Agency's business address is 801 12th Street, Sacramento, California 95814
"Owner"	Villa Jardin/Coral Gables, L.P.
"Owner Address"	Owner's business address is as follows: 1388 Sutter Street, 11th Floor San Francisco, CA 94109
"Jurisdiction"	City of Sacramento
"Property"	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as <b>Exhibit 1 – Legal Description of the Property</b> and incorporated in this Regulatory Agreement by this reference
"Funding Agreement"	The Funding Agreement between Agency and Owner as follows: Titled: Construction and Permanent Loan Agreement

		Dated:	October 1, 2021
“Agency Funding”	Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property		
“Agency Funding Amount”	The amount of Agency Funding, as follows:		\$2,120,000.00
“Proportionate Agency Assistance”	The percentage of the Project cost, including without limitation, land, predevelopment and development costs, that is attributable to Agency Funding. For rehabilitation projects, the percentage that Agency Funding bears to the total of the fair market value of the Property before rehabilitation and the total costs of rehabilitation.		6.06%
“Funding Requirements”	The legal restrictions on the use of the funds that Agency has used to make Agency Funding, as applicable to and restricting the Property. The Funding Requirements are set out in <b>Exhibit 2 – Funding Requirements</b> .		
“Approved Use”	The only permitted use of the Property, which is as a residential property available for rent by the general public and containing not less than the following number of units:		82

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

Notwithstanding any conflicting provision in the Funding Requirements, the Initial Rent per Unit per Month listed in this Regulatory Agreement shall be paramount and controlling.

Agency Funding Source:	Affordability Level:	Number of Units:	Restricted Units:	Initial Rent per Unit per Month <sup>1</sup> :
Mental Health Services Act (MHSA)	30% Area Median Income (AMI) (Extremely Low Income)	12	One Bedroom	\$545.00
MHSA	30% AMI (Extremely Low Income)	3	Two Bedroom	\$612.00
<b>Total</b>		<b>15</b>		

<sup>1</sup>Subsection §92.252(b)(2): Qualification as affordable housing - Rental housing: If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

**4. MANAGEMENT AGREEMENT.** Owner agrees that at all times the Project shall be managed by a property manager (i) approved by Agency in its reasonable discretion and (ii) who has successfully managed at least five projects over forty units in size and subject to a recorded regulatory agreement for at least three years' prior to the application, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the “Manager”). Owner shall submit to Agency from time to



time such information about the background, experience and financial condition of any existing or proposed Manager as Agency may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. Agency reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of the Funding Agreement. Owner agrees to cooperate with Agency in such reviews.

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

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

<b>Approved Management Company</b>
The John Stewart Company

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

Provision	Term
a) <b>ADDITIONAL RESIDENT SERVICES.</b> In addition to the standard resident services in Section 7(i) of this Regulatory Agreement, the Owner will provide up to 40 monthly bus passes to the residents during the Term.	See Term in Section 9 of this Regulatory Agreement.
b) <b>ANNUAL ADMINISTRATIVE FEE.</b> Owner agrees to pay an annual administrative fee ("Fee") to Agency as compensation for monitoring compliance with regulatory restrictions and the administration of the Loan. Owner shall pay annually a Fee equal to 12.5 basis points (0.125%) of the bond amount and One Hundred Dollars and No Cents (\$100.00) for each unit assisted by the Loan Program, not to exceed Twenty-Five Thousand Dollars and No Cents (\$25,000.00). Fee payments shall commence on the Closing Date for the prorated semiannual period from the Closing Date to and including October 2021, and in equal semiannual installments in advance on each April 1 and October 1 of each year thereafter throughout the term of the Regulatory Agreement.	

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

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

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

- a. Owner shall use and permit others to use the Property only for the Approved Use.
- b. Owner shall ensure full compliance with the Funding Requirements.
- c. Owner shall not convey, transfer, hypothecate, or otherwise encumber any of the Property or permit the conveyance, transfer, hypothecation, or encumbrance of the Property unless such assignee, transferee, beneficiary, or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement.
- d. Owner shall not cause and shall not permit expansion, reconstruction, or demolition of any part of improvements on the Property, except as provided by the Funding Agreement.
- e. Owner shall maintain the Property and all building improvements, grounds and equipment of the Property in good repair and condition and in compliance with all applicable housing quality standards and local code requirements. Owner shall maintain the Property in good condition and shall keep the Property reasonably free from graffiti and unrepaired vandalism and from accumulation of abandoned property, inoperable vehicles, unenclosed storage, debris, waste materials, and hazardous substances. In the event of a casualty loss, Owner shall cause the restoration or replacement of the Property, in a timely manner and provided that such restoration or replacement is then economically feasible.
- f. Owner shall not cause and shall not permit discrimination based on race, color, national origin, religion, sexual orientation, gender, familial status, age or disability in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for him/her/itself, his/her/its heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.
- g. Owner shall not evict, refuse to rent to, or otherwise treat someone differently because of that person's status as a victim of domestic violence, dating violence, sexual assault, or stalking, in compliance with the Violence Against Women Act. This protection is available regardless of sex, gender identity, or sexual orientation.
- h. Owner shall ensure compliance with the obligations imposed by the federal Personal Responsibility and Work Opportunity Act (Public Law 104-193, commonly known as the Welfare Reform Act) as amended by California Welfare and Institutions Code Section 17851, which restrict Agency funding of federal, state or local benefits to persons who are not citizens or qualified aliens as defined in such act.
- i. Owner shall provide Agency with a detailed resident services plan including but not limited to the following information: (1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; (2) a description of the services to be provided; (3) a resident services budget and proforma; and (4) Agency approved resident services at the Project according to the following minimum schedule of fifteen (15) hours per week:
  - 1) Coordinator: four (4) hours per week; and
  - 2) After School Programming: two (2) hours per day and four (4) days per week for a total of eight (8) hours per week; and
  - 3) Services of three (3) hours per week are to be provided and to include, but are not limited to:
    - Educational classes such as nutrition, exercise, health resources, health insurance application assistance, annual onsite health fair, English as a Second Language (ESL) classes;

- Socialization activities such as bingo, gardening and community building events; and
- Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.

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

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

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

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

**9. TERM.** The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, the terms stated in the Funding Requirements, have expired or otherwise been terminated. Notwithstanding the term in the Funding Requirements, the term of this Regulatory Agreement shall be fifteen (15) years from the Effective Date.

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

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

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

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

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

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

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

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

18. **REGULATORY AGREEMENT VIOLATIONS.** Owner shall pay the program compliance fees and expenses to Agency set forth in Compliance Violations and Actions (Exhibit 3 - Compliance Violations and Actions) in reimbursement of the amounts and time expended by Agency to insure Owner's compliance with State statutes and federal regulations and Owner's obligations under this Regulatory Agreement as a result of Owner not meeting its obligations and reporting requirements. No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Compliance Violations and Actions tables.

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

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

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

22. **ATTORNEYS' FEES.** If the services of any attorney are required by any party to secure the performance of this Regulatory Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or mediation

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

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

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

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

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

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

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