AFFORDABLE HOUSING AGREEMENT

by and between the

CITY OF ROCKLIN

and

COMMUNITY HOUSINGWORKS,
a California nonprofit public benefit corporation

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ATTACHMENTS

AFFORDABLE
HOUSING AGREEMENT

This **AFFORDABLE HOUSING AGREEMENT** (the "Agreement"), dated, for identification purposes only, as of November 8, 2022 (the "Date of Agreement"), is entered into by and between the **CITY OF ROCKLIN**, a municipal corporation ("City"), and **COMMUNITY HOUSINGWORKS**, a California nonprofit public benefit corporation ("Developer").

R E C I T A L S

A. City, as part of its functions as a general law city duly organized and existing under and by virtue of the laws of the State of California and in connection with its municipal code (the "City Code"), is authorized to promote the provision of affordable housing for all income segments of the community. Pursuant to the City Code and resolutions adopted pursuant thereto, City is authorized to defer receipt of all or a portion of its development impact fees chargeable in relation to various projects. City is authorized to enter into agreements in connection therewith.

B. City previously activated the Rocklin Redevelopment Agency, a public body, corporate and politic (the "Redevelopment Agency"); the Redevelopment Agency operated under the California Redevelopment Law, Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law").

C. City is the housing successor entity to the Redevelopment Agency and in such capacity acquired the "Site" (as defined below) in connection with the dissolution of the Redevelopment Agency.

D. The Redevelopment Plan for the Rocklin Redevelopment Project (herein, the "Redevelopment Project") was adopted by Ordinance No. 549 by the City Council of the City of Rocklin on June 10, 1986, and was subsequently amended (as amended, the "Redevelopment Plan"). The Redevelopment Plan, as amended, is on file with City as a public record.

E. Prior to the Date of Agreement, City acquired certain real property consisting of approximately 1.83 acres (the "Site") located within the Project Area and within the corporate limits of City. The Site is depicted on the "Site Map" (Attachment No. 1 hereto). The legal description of the Site is attached hereto as Attachment No. 2.

F. Developer is experienced in the development and operation of affordable multi-family housing.

G. Developer has proposed to enter into this Agreement with City under which City will transfer a ground leasehold interest in the Site to Developer or one or more assignees of Developer hereafter approved by City, with the City ground leasing either the Site as a whole or the Site in two parts designated below as "Portion A" and "Portion B", whereupon Developer or assignees as shall have been approved in writing by City shall develop the Project with a designated number of those dwelling units, as more particularly set forth herein, to be rented at "Affordable Rent" and in conformity with the "Prescribed Income Levels" throughout the "Required Covenant Period" (as defined below). Those undertakings of Developer are material to this Agreement and but for those undertakings by Developer, City would not have entered into this Agreement. The number of units, including the provision of affordable dwelling units restricted at particular income levels as provided

herein, as well as the agreement of Developer to seek reservations of 9% housing tax credits and 4% housing tax credits constitutes a material consideration for City to enter into this Agreement, but for which City would not have entered into this Agreement.

H. Developer has indicated that Developer intends to apply for a division of the Site into two separate legal parcels, one of which would be "Portion A" and the other to be "Portion B". The intention of Developer is that the development of Portion A would be financed in part with 9% federal low income housing tax credits as generally provided for under Section 42 of the Internal Revenue Code and possibly state tax credits, and that the development of Portion B would be financed in part with 4% federal low income housing tax credits as generally provided for under Section 42 of the Internal Revenue Code and possibly state tax credits. The Developer has indicated that if the Site is divided, each of Portion A and Portion B would be developed separately by different development entities, each of which would be an affiliate (including single asset entities) of Developer and each of which shall have first been approved by City as an "Approved Assignee" as provided below; under this scenario, the financing for each of the development of Portion A and the Portion B would be separate and without cross defaults.

City is amenable to Developer effecting the financing and development of the Site as one project in one phase; in addition, City is amenable to Developer proceeding to plan for the division of the Site and development by two affiliates of Developer as briefly described in the immediately preceding paragraph. In the event development proceeds as two projects (on Portion A and Portion B, respectively, as generally described above), references in this Agreement to "Developer" shall be deemed to refer to the assignee approved as to Portion A for the development of Portion A (the "Portion A Assignee") and to the assignee approved as to Portion B for the development of Portion B (the "Portion B Assignee"). References to instruments to be executed by Developer as to the Site shall be deemed to include documents substantially in the forms provided with this Agreement but as adapted to refer to the Portion of the Site (namely, Portion A or Portion B) to which they relate.

A Developer has indicated that it will apply for a preliminary reservation of both 9% federal low income housing tax credits and 4% federal low income housing tax credits as generally provided for under Section 42 of the Internal Revenue Code and credits applicable toward state income taxes imposed by the State of California in connection with the production of affordable housing.

I. Subject to the satisfaction of the applicable conditions in this Agreement, City will make available the aggregate amount of the City Loan (as defined below) to Developer or to the "Approved Assignees" as described below. It is contemplated that in the event the Site is divided, the City Loan Amount will be apportioned as between Portion A and Portion B with each loan to be evidenced by a separate promissory note and secured only by the Portion to which it relates (namely, Portion A or Portion B).

J. In the event the financing plan hereafter submitted by Developer with respect to some or all of the Improvements includes the use of multifamily housing bonds, which is anticipated to be the case, the issuer shall be the City or another governmental entity designated for such purpose by City acting at its sole discretion. Any issuance of bonds by City shall be accomplished in conformity with the City's practices and procedures for conduit financings and in strict conformity with this Agreement.

K. This Agreement is in the vital and best interest of the City of Rocklin, California, and the health, safety and welfare of its residents and furthers the public policies of City.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

"**Adjacent City Parking Area**" means that certain area so described in the Scope of Development.

"**Affiliated Person**" means, when used in reference to a specific person, any person that directly or indirectly controls or is controlled by or under common control with the specified person, any person that is an officer or director of a trustee of, or a general partner, managing member or operator in, the specified person or of which the specified person is an officer, director, trustee, general partner or managing member, or any person that directly or indirectly is the beneficial owner of ten percent (10%) or more of any class of the outstanding voting securities of the specified person.

"**Affordable Rent**" has the following meaning: For an Extremely Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of the Median Income for the Area for a household size appropriate to the Unit. For a Very Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of the Median Income for the Area for a household size appropriate to the Unit. For a Lower Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of fifty-nine percent (59%) of the Median Income for the Area for a household size appropriate to the Unit. The maximum monthly rental amount of the Units shall be adjusted annually by the formula set forth above upon the promulgation of revised Placer County median income figures by regulation of the California Department of Housing and Community Development. Actual rent charged may be less than such maximum rent a cost not in excess of the lesser of (i) that rent which may be charged the applicable Eligible Person or Family pursuant to Section 50053 of the California Health and Safety Code and (ii) the limits as set forth in this Agreement.

"**Allowable Closing Costs**" means actual, reasonable costs of escrow for the Closing, including but not limited to any payable transfer taxes, recording fees, notary fees, the premium for the City Policy, and all other charges paid which are customarily paid for similar transactions in the County.

"**Applicable Federal Rate**" means the interest rate set by the United States Treasury from time to time for the purpose of determining applicable Low Income Housing Tax Credit interest rates. The Applicable Federal Rate is published by the Internal Revenue Service in monthly revenue rulings.

"**Applicable Interest Rate**" means the following rates: (a) as to amounts paid when due, three percent (3%) simple interest per annum, and (b) as to amounts not paid when due, the lesser of (i) ten percent (10%) per annum, compounded annually, and (ii) the maximum rate permitted by applicable law.

"**Applicable Percentage of Residual Receipts**" means fifty percent (50%) of Residual Receipts; provided that if public agencies other than the City infuse moneys into the Project on a

residual receipts loan basis, the percentage payable to the City will be subject to adjustment by City to reflect the ratable contribution by such other entities.

"**Approved Assignee(s)**" means such assignee(s) of Developer, if any, as may hereafter be approved by City with City acting at its sole discretion in this regard. It is proposed by Developer that Portion A will be developed by Approved Assignee A and that Portion B will be developed by Approved Assignee B.

"**Approved Assignee A**" means such affiliate of Developer as shall have been approved in writing by City after the Date of Agreement to develop Portion A.

"**Approved Assignee B**" means such affiliate of Developer as shall have been approved in writing by City after the Date of Agreement to develop Portion B.

"**Approved Construction and/or Permanent Lender**" means a mutually acceptable reputable and established bank, savings and loan association, or other similar financial institution or state agency or instrumentality, with each of City and Developer acting at their respective discretion.

"**Area**" means Placer County, or such area including Placer County as may be periodically defined by HUD.

"**Audit**" is defined in Section 6.21 hereof.

"**Audited Financial Statement**" means an audited financial statement, including without limitation a profit and loss statement, generated by Leaf & Cole, LLP, or another third party certified public accountant acceptable to City in its reasonable discretion, showing, for the previous Lease Year, on a monthly basis and in an easily readable format, Gross Revenues, Operating Expenses, Debt Service, Operating Reserve, Capital Replacement Reserve, General Partner Fee, Limited Partner Fee and Residual Receipts.

"**Bank Deed of Trust**" means a deed of trust, among one or more Approved Construction and/or Permanent Lender, as beneficiary and Developer as trustor and a trustee, which may be an affiliate of the holder of the Bank Deed of Trust, in connection with the construction loan provided by an Approved Construction Lender, and upon the take out of the construction loan, a deed of trust by an Approved Permanent Lender to Developer.

"**Base Period**" means the first fifty-seven (57) Lease Years of the Term of the City Lease.

"**Base Pro Forma**" means a pro forma dated as of October 1, 2022 concerning the Development. The Base Pro Forma is on file with the City.

"**Basic Concept Drawings**" is described in Section 6.1 hereof.

"**Bond Counsel**" means such counsel as shall be selected by City at its discretion for all purposes associated with this Agreement and the implementation hereof.

"**Bond Regulatory Agreement**" means the regulatory agreement, as prepared by Bond Counsel, which it is contemplated may be required to be recorded against the Site with respect to the issuance of multifamily housing bonds in the event an allocation is obtained for the Improvements on one or more of Portion A and Portion B from CDLAC and Bonds are used in connection with the

financing of such improvements. The Bond Regulatory Agreement shall include affordability restrictions not less restrictive than those set forth in the City Regulatory Agreement; provided that if only a Portion of the Site is financed in part with multifamily housing bonds, the Bond Regulatory Agreement shall apply only to that Portion (namely, Portion A or Portion B) which is financed using multifamily housing bonds.

"**Bond Rules**" means Section 103(b) of the Internal Revenue Code, the rules and regulations applied by CDLAC in connection with the private activity bond allocation or the issuance of bonds thereunder and as set forth in the indenture of trust (or similar instrument approved for such purpose by City) in connection with the issuance of the Bonds.

"**Bonds**" means multifamily conduit revenue bonds issued in connection with the Improvements (or portions thereof) by City.

"**Building Permit**" means the building permit(s) issued by City and required for the Improvements.

"**Calculation of Affordable Rents**" means Attachment No. 7 to this Agreement.

"**CDLAC**" means the California Debt Limit Allocation Committee.

"**Capital Replacement Reserve**" means a reserve fund to be established by the Lessee under the City Lease as a capital reserve for the Residential Component in the amount established therefor by the Lease. To the extent Developer is required to maintain a Capital Replacement Reserve by any Approved Construction and/or Permanent Lender or Investor, Developer shall receive a credit hereunder for such amounts maintained by it in compliance with such Approved Construction and/or Permanent Lender capital replacement reserve requirement.

"**Certificate of Completion**" means Attachment No. 10 to this Agreement.

"**Certificate of Continuing Program Compliance**" means the Certificate to be filed by Developer or its property manager on behalf of Developer with City, which Certificate shall be substantially in the form attached hereto as Attachment No. 4.

"**Chargeable Reserves**" means each of the following, within the respective parameters therefor set forth in the City Lease: (i) Capital Replacement Reserve; and (ii) Operating Reserve.

"**CHW**", as defined below, means Community HousingWorks, a California nonprofit public benefit corporation.

"**City**," as defined in the first paragraph hereof, means the City of Rocklin, a municipal corporation.

"**City Code**," as defined in the Recitals hereto, is the Municipal Code of the City of Rocklin as may be amended from time to time and includes, without limitation, the Uniform Codes.

"**City Covenants**" means covenants pertaining to the affordability of rental units on the Site, if and to the extend these are promulgated by City in connection with the consideration of land use approvals as to the Site or any portion thereof. Any City Covenants would be inform determined by City and may reflect provisions of the City Regulatory Agreement as well as provisions which the City

has incorporated into density bonus agreements are which provisions are otherwise deemed necessary and appropriate by the City. If the Site is divided (such as into Portion A and Portion B), there may be separate City Covenants promulgated as to each such portion.

"**City Fees**" means fees charged by the City in connection with the construction of the Improvements where such fees are not collected by City on behalf of another governmental agency. City Fees includes, without limitation, City Impact Fees, building permit fees and inspection fees.

"**City Impact Fees**" means those facility fees, road improvement fees, and other fees identified by City as development impact fees, including street improvements and/or street improvement fees, required by City and retained by City in connection with the development of the Project.

"**City Conditions Precedent**" is set forth in Section 4.1 hereof.

"**City Deed of Trust**" means the deed of trust that will encumber Developer's leasehold interest in the Site and fee interest in the Improvements to secure repayment of the City Promissory Note, substantially in the form attached hereto as Attachment No. 14. In the event the Site is divided into Portion A and Portion B, there shall be two deeds of trust substantially in the form of the City Deed of Trust, one of which shall secure repayment of the promissory note to City with respect to Portion A (and which shall be secured by a security interest against the leasehold interest of the Portion A Assignee in Portion A) and one of which shall secure repayment of the promissory note to City with respect to Portion B (and which shall secure repayment of the promissory note to City with respect to Portion B (and which shall be secured by a security interest against the leasehold interest of the Portion B Assignee in Portion B).

"**City Documents**" means, collectively, this Agreement, the City Promissory Note, the City Deed of Trust, the City Lease, the City Covenants (if applicable), the City Regulatory Agreement, and all other documents required to be executed by Developer in connection with the transaction contemplated by this Agreement. If the Site is divided into Portion A and Portion B, separate sets of City Documents shall be prepared consistent with the formats provided but which relate only the corresponding Portion.

"**City Escrow**" is described in Section 3.3 hereof.

"**City Lease**" means a ground lease in the form of Attachment No. 6 to this Agreement, which shall grant Developer a leasehold interest in the Site and a fee interest in the Improvements. If the Site is divided into Portion A and Portion B, a separate ground lease shall be prepared for each of Portion A and Portion B consistent with the format provided but which relate only the corresponding Portion.

"**City Loan**" means the loan in the amount of the City Loan Amount to be made from City to Developer pursuant to the terms of this Agreement. If the Site is divided into Portion A and Portion B, the amount of the City Loan shall be allocated by City as between Portion A and Portion B, with the aggregate amount loaned not to exceed the City Loan Amount. The portion of the City Loan Amount to be applied to each of Portion A and Portion B would be a matter to be addressed in the Final Financing Plan under this Agreement.

"**City Loan Amount**" means an amount equal to the lesser of (i) Twenty Three Thousand Eight Hundred Fifty Three Dollars and twenty one cents ($23,853.21) per Unit at Affordable Rent, or (ii) Two Million Six Hundred Thousand Dollars ($2,600,000.00) as all amounts are aggregated. In

addition, and as a condition to the disbursement of any portion of the City Loan Amount, City (upon consultation with a qualified land economist of its choosing) shall have first concluded that the entirety of the City Loan Amount is supportable as going toward the financing of units for Extremely Low Income Households.

"**City Loan Policy**" is defined in Section 3.5(b) hereof. If the Site is divided, there shall be separate loan policies for the benefit of City as lender as to each of Portion A and Portion B.

"**City Manager**" means the City Manager of City or his or her designee or delegate.

"**City Promissory Note**" means the promissory note that will evidence Developer's obligation to repay the City Loan as set forth in this Agreement, substantially in the form attached hereto Attachment No. 13. If the Site is divided into Portion A and Portion B, a separate promissory note shall be given by Developer (or Approved Assignee) for each of Portion A and Portion B consistent with the format provided but which relate only the corresponding Portion.

"**City Regulatory Agreement**" means Attachment No. 11 to this Agreement. If the Site is divided into Portion A and Portion B, a separate regulatory agreement shall be prepared for benefit of the City for each of Portion A and Portion B consistent with the format provided but which relate only the corresponding Portion; provided that such regulatory agreement may, if hereafter approved by City, contain provisions provided for certain reciprocal access as between Portion A and Portion B.

"**Closing**" is defined in Section 3.3.4 of this Agreement.

"**Commencement Date of the City Lease**" shall have the meaning established therefor in the City Lease. If the Site is divided, there shall be two ground leases; however, they would commence concurrently.

"**Cost Overrun Amounts**" means amounts incurred and expended by Developer in connection with construction under this Agreement to the extent that: (i) total construction and demolition costs exceed the amounts set forth therefor in the Base Pro Forma; (ii) such amounts have not been defrayed by moneys provided by City; and (iii) the City Manager, acting in good faith and upon consultation with Developer, confirms that such amounts were reasonably incurred and were not unreasonable as to amount.

"**Cost Savings**" is defined in Section 6.21 hereof.

"**County**" means the County of Placer, California.

"**Date of Agreement**" means November 8, 2022.

"**Debt Service**" means required debt service payments for the Primary Construction Loan and/or the Primary Permanent Loan including the funding obligations in respect of all reserves or escrows required thereunder and scheduled payments as approved as part of the Final Financing Package. If the Site is divided, Debt Service shall be separately applied as to each Portion.

"**Default**" is defined in Section 7.1 hereof.

"**Deferred Developer Fee**" means that portion of the Developer Fee for which payment to CHW is deferred. The amount of the Deferred Developer Fee shall be finally determined in connection with the Final Financing Plan.

"**Developer**" means Community HousingWorks, a California nonprofit public benefit corporation. In the event the division of the Site into Portion A and Portion B is effected and if City approves assignees for each of Portion A and Portion B, effective upon such approval (of assignment) by City, references to Developer shall also be deemed to refer to the Portion A Assignee (as to provisions relating to Portion A) and to the Portion B Assignee (as to provisions relating to Portion B).

"**Developer Conditions Precedent**" is defined in Section 4.2 hereof.

"**Developer Contracting Parties**" is defined in Section 1.6.1 hereof.

"**Developer Fee(s)**" means the sum of such amounts delineated as developer fees in the Base Pro Forma, but not to exceed those amounts designated by TCAC as developer fees.

"**Developer Percentage**" means fifty percent (50%) of Residual Receipts.

"**Development**" or "**Project**" means the new apartment complex and associated improvements as required by this Agreement to be: (i) constructed by Developer upon the Site, with related offsite improvements, as more particularly described in the Scope of Development and (ii) operated as an affordable housing complex in conformity with the City Lease(s), the City Regulatory Agreement(s) and, if applicable, the City Covenants (which may consist of two documents should the Site be divided).

"**Entitlements**" means such land use approvals for the development of the Site as may hereafter be approved by the City acting in the exercise of its police power.

"**Environmental Laws**" means all laws, ordinances and regulations relating to Hazardous Materials, including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 *et seq.*; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 9601, *et seq.*; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, "CERCLA"), 42 U.S.C. Section 9601, *et seq.*; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 *et seq.*; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Section 11001 *et seq.*; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 *et seq.*; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f *et seq.*; all comparable state and local laws, laws of other jurisdictions or orders and regulations; and all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Developer, or the Site.

"**Escrow Holder**" means Stewart Title Guaranty Company or another mutually acceptable escrow holder.

"**Event of Default**" has the meaning set forth in Section 9.1 hereof.

"**Excess Amount**" is defined in Section 6.15 hereof.

"**Extension Period**" means that period of time, if any, hereafter determined by City, upon consideration of the Final Financing Package or other instruments deemed relevant by City, which will be included as part of the Term of the City Lease (in addition to the Base Period); provided that the Extension Period shall in no event exceed thirty (30) years. If City approves an Extension Period as to one Portion of the Site, it shall not be obligated to approve an Extension Period for a like period or for any period with respect to the remaining portion of the Site.

"**Extremely Low Income Households**" means households earning not greater than thirty percent (30%) of Median Income for the Area pursuant to the Health and Safety Code Section 50106.

"**Extremely Low Income Unit**" means a Unit occupied at Affordable Rent by an Extremely Low Income Household.

"**Final Development Budget**" means a detailed enumeration of all projected costs of construction of the Development, including all costs and off-site improvements required to be constructed under this Agreement.

"**Final Financing Package**" is defined in Section 6.15 hereof.

"**General Partner**" means the general partner of Developer.

"**General Partner Fee**" or "**Asset Management Fee**" means a fee if charged by the general partner not to exceed the amounts so delineated therefor in the Base Pro Forma; provided that the initial annual amount of such fee shall be limited to increases of three percent (3.0%) annually; provided that the General Partner Fee together with the Limited Partner Fee shall not for any Lease Year exceed the amount permitted under the City Lease for the Partnership Fees (as such fees are aggregated). The foregoing shall not limit the amounts which Developer may pay to its General Partner from the Developer Percentage.

"**Gross Revenues**" shall have the meaning set forth therefor in the City Lease.

"**Hazardous Material**" or "**Hazardous Materials**" means and include any substance, material, or waste which is or becomes regulated by any local governmental authority, including the County, the Regional Water Quality Control Board, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos and/or asbestos containing materials; (vii) lead based paint or any lead based or lead products; (viii) polychlorinated biphenyls, (ix) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a "hazardous

waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (42 U.S.C. Section 6903); (xi) Methyl tertiary Butyl Ether; (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, *et seq.* (42 U.S.C. Section 9601); (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any "Governmental Requirements" (as defined in Paragraph (c) of this Section 308) either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as "hazardous" or harmful to the environment; and/or (xiv) lead based paint pursuant to and defined in the Lead Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. § 4800, *et seq.*, specifically §§ 4821–4846, and the implementing regulations thereto. Notwithstanding the foregoing, "Hazardous Materials" shall not include such products in quantities below attainment levels identified in one or more of the enactments identified above as Governmental Requirements, including those products and amounts as are customarily used in the construction, maintenance, rehabilitation, management, operation and residence of residential developments or associated buildings and grounds, or typically used in residential activities in a manner typical of other comparable residential developments, or substances commonly ingested by a significant population living within the Development, including without limitation alcohol, aspirin, tobacco and saccharine.

"**Hazardous Materials Contamination**" means the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on, in, or under the Site by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time (whether before or after the Date of Agreement) emanating from the Site.

"**HCD**" means the Housing and Community Development Department of the State of California.

"**Housing Rent**" means the total of monthly payments by the tenants of a Unit for (a) use and occupancy for the Unit and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants of the Units, other than security deposits, (c) a reasonable allowance for utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity and gas, as determined by regulation of Housing Authority of the County of Placer pursuant to 24 C.F.R. Section 5.600 *et seq.* or by the California Utility Allowance Calculator as permitted by TCAC, and (d) possessory interest, taxes or other fees or charges assessed for the use of the Units and facilities associated therewith by a public or private entity other than Developer; provided that the rent charged as to any Required Affordable Unit shall not exceed Affordable Rent.

"**Improvements**" means all of the improvements described in the Scope of Development, including both the Portion A Development and the Portion B Development.

"**Income Verification**" means Attachment No. 12 to this Agreement.

"**Indemnitees**" is defined in Section 1.6.3.

"**Investor**" means the Developer's investor limited partner.

"**Lease Rider**" means a lease rider agreement to address considerations raised by TCAC in a mutually acceptable form.

"**Lease Year**" means the period commencing as of the Commencement Date of the City Lease and ending as of December 31 of that calendar year, then each succeeding calendar year thereafter during the Term of the City Lease; provided that the final Lease Year may be a portion of a calendar year.

"**Leasehold Transfer**" means the transfer of a leasehold interest in the Site and fee interest in the Improvements to Developer by the terms of the City Lease upon commencement of the Term of the City Lease.

"**Legal Description of the Site**" means Attachment No. 2 to this Agreement.

"**Lessee**" means Developer or other lessee under the City Lease(s).

"**Lessee's Title Policy**" is defined in Section 3.5 hereof.

"**Limited Partner**" means a financing partner hereafter designated for such purpose by an Approved Assignee of Developer; it is acknowledged that if the Site is divided into Portion A and Portion B, there may be different limited partners as to each Portion.

"**Limited Partner Fee**" or "**Partnership Management Fee**" means fees as so denominated in the Base Pro Forma; provided that such fees may not increase by more than by three percent (3.0%) annually so long as the Partnership Agreement is in effect; provided that the General Partner Fee together with the Limited Partner Fee shall not for any Lease Year exceed the amount permitted under this Lease for the Partnership Fees (as such fees are aggregated). The foregoing shall not limit the amounts which Developer may pay as Limited Partner Fee or Partnership Management Fee from the Developer Percentage.

"**Low and Moderate Income Housing Funds**" means moneys which were required under the Redevelopment Law to be deposited into a fund created under Health and Safety Code Section 33334.2 and 33334.3.

"**Low Income Households"** or "**Lower Income Households**" means households earning not greater than fifty-nine percent (59%) of Median Income.

"**Low Income Unit**" or "**Lower Income Unit**" means a Unit occupied at Affordable Rent by a Low Income Household.

"**Materially Adverse Conditions**" are surface or subsurface conditions of the Site which: (i) are not apparent from a visual inspection of the surface of the Site; and (ii) (a) include the presence of Hazardous Materials at the Site in excess of currently applicable levels permitted under federal or state law or regulations, or (b) include the presence of conditions not typically found in properties within City and which a mutually acceptable independent third party geotechnical and/or environmental assessment and remediation firm retained by Developer estimates will increase development costs by over One Hundred Thousand Dollars ($100,000.00).

"**Maturity Date**" has the meaning established therefor in the City Promissory Note.

"**Median Income**" means Median Income for the Area (namely, Placer County), as set forth by regulation of the California Department of Housing and Community Development pursuant to Health and Safety Code Sections 50079.5 and 50105.

"**Milestones**" means each of the following: (i) making of the Required Submittals; and (ii) implementing Required Submittal Modifications.

"**Notice**" means a notice in the form prescribed by Section 10.2 hereof.

"**Notice of Affordability Restrictions**" means Attachment No. 5.

"**Official Records**" means, unless the context otherwise requires, the official land records of the County Recorder of the County of Placer.

"**Operating Expenses**" has the meaning established therefor in the City Lease.

"**Operating Reserve**" has the meaning set forth therefor in the City Lease.

"**Partnership Agreement**" has the meaning set forth therefor in the City Lease.

"**Partnership Fees**" means the General Partner Fee and the Limited Partner Fee.

"**Permitted Senior Lien**" means collectively, the deeds of trust securing the Primary Construction Loan and the Primary Permanent Loan.

"**Prescribed Income Levels**" means: (i) for two (2) studio Units, thirty percent (30%) of Median Income; (ii) for eight (8) one-bedroom Units, thirty percent (30%) of Median Income; (iii) for six (6) two-bedroom Units, thirty percent (30%) of Median Income; (iv) for seven (7) three-bedroom Units, thirty percent (30%) of Median Income; (v) for three (3) studio Units, fifty percent (50%) of Median Income; (vi) for five (5) one-bedroom Units, thirty percent (30%) or fifty percent (50%) of Median Income; (vii) for twelve (12) two-bedroom Units, fifty percent (50%) of Median Income; and (viii) for thirteen (13) three-bedroom Units, fifty percent (50%) of Median Income. The remaining Units, other than one manager's unit, shall be rented to households which do not exceed the income for Moderate Income Households. Income levels shall further be subject to adjustment as described in Section 7.2.

If any change to the Prescribed Income Levels is proposed as for an Extension Period, the proposed income levels during any such Extension Period must have first been approved by City as part of the consideration of the Final Financing Plan.

"**Primary Construction Loan**" means, collectively, the mortgage loans and letters of credit obtained by Developer from an Approved Construction Lender.

"**Primary Permanent Loan**" means, collectively, the mortgage loans obtained by Developer from an Approved Permanent Lender in an amount limited to satisfaction of the outstanding balance of the Primary Construction Loan or in an amount in excess of such outstanding balance so long as such excess proceeds are used to pay (or prepay) the Developer Fee, Cost Overrun Amounts and outstanding development costs.

"**Principals**" means Mary Jane Jagodzinski, Sean Spear and CHW.

"**Project Documents**" means, collectively, this Agreement, the City Regulatory Agreement, the City Covenants (if applicable), the City Lease, all other Attachments to this Agreement, and any other agreement, document, or instrument that City requires in connection with the execution of this Agreement or from time to time to effectuate the purposes of this Agreement. If the Site is divided into Portion A and Portion B, the Project Documents shall be deemed to include documents (in addition to this Agreement) for each such Portion consistent with the instruments enumerated above.

"**Recordable Documents**" means the following: (i) the City Lease (or a Memorandum thereof prepared by City); (ii) the City Regulatory Agreement; (iii) the City Covenants; (iv) the Bank Deed(s) of Trust; (v) 1-UCC Financing Statement by Developer in favor of an Approved Construction and/or Permanent Lender (as construction lender) for filing as a fixture filing among Official Records; (vi) the Notice of Affordability Restrictions; (vii) the City Deed of Trust; and (viii) such other instruments, if any, as shall be approved by City Manager (upon consultation with City's legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent If the Site is divided into Portion A and Portion B, the Recordable Documents shall be deemed to include documents for each such Portion consistent with the instruments enumerated above.

"**Redevelopment Plan**" means the Redevelopment Plan for the Rocklin Redevelopment Project (the "Redevelopment Project") first approved by Ordinance No. 549 adopted by the City Council of the City on June 10, 1986, as subsequently amended. The Redevelopment Plan, as amended, is on file with City as a public record.

"**Refinancing Net Proceeds**" means the proceeds of any refinancing of any of the Primary Construction Loan or the Primary Permanent Loan or other approved financing secured by interest of Developer in the Site, net of: (i) the amount of the existing financing which is satisfied out of such proceeds; (ii) reasonable and customary costs and expenses incurred in connection with the refinancing; (iii) the funding of reasonable reserves and costs of improvements to the Site which constitute the Development, including hard and soft costs to the extent approved in writing by the City Manager prior to the closing of the refinancing; (iv) the balance of loans to the Development made by the Limited Partner(s) of Developer for development or operating deficits, amounts expended to maintain compliance with the Tax Credit Rules, or contributions for capital expenditures in excess of available Project revenues, if any, including interest at the Applicable Federal Rate; (v) the balance, if any, of operating loans or development loans made by the general partners of Developer to the Development, including interest at the Applicable Federal Rate; (vi) payment of unpaid Tax Credit adjustment amounts or reimbursement of Tax Credit adjustment amounts paid by the general partner and/or the guarantors to the Development pursuant to the approved Partnership Agreement, if any; and (vii) the payment to the general partner of Developer of a refinancing fee, which fee is and shall be subject to the approval of the City Manager at the time of each refinancing and which shall not exceed five percent (5%) of the amount of the approved refinancing.

"**Related Entity**" means CHW, a Principal or an entity in which any interest is held by Developer or one or more of the Principals.

"**Relocation**" or "**Relocation Laws**" means all applicable federal and state relocation laws and regulations, including without limitation, (i) the relocation obligations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), 42 U.S.C. 4201–4655, and the implementing regulations thereto set forth in 49 C.F.R. Part 24, (ii) the California Relocation Assistance Act, Government Code Section 7260, *et seq.* and the implementing regulations thereto set forth in Title 25, Section 6000, *et seq.* of the California Code of Regulations, and (iii) any other

applicable federal, state or local enactment, regulation or practice providing for relocation assistance, benefits, or compensation for moving and for property interests (including without limitation goodwill and furnishings, fixtures and equipment, and moving expenses), and (iv) any federal law or regulation prohibiting payment of relocation benefits or assistance to persons ineligible for relocation benefits or assistance. City shall be responsible for any costs or expenses as a result of the application of the Relocation Laws to the Development or this Agreement.

"**Reporting Amounts**" means the sum of Two Hundred Fifty Dollars ($250.00) per unit per year for each dwelling unit as to which Lessee fails to deliver to City, during any Lease Year, a full and adequate report that conforms to Section 33418 of the California Health and Safety Code.

"**Request for Notice of Default**" means an instrument substantially in the form of Attachment No. 8.

"**Required Affordable Units**" means all of the Units required to be developed on the Site under this Agreement other than one manager's unit. The final delineation of affordable units shall be accomplished in connection with approval of the Final Financing Plan (provided that the number of units generated and income levels shall in no event be less beneficial to City than that set forth herein as the Prescribed Income Levels).

"**Required Covenant Period**" means a period consisting of the Base Period and, if an Extension Period becomes applicable, the Extension Period.

"**Required Submittal Modifications**" means modifications to a Required Submittal which are reasonably calculated to achieve a reservation of Tax Credits in an amount of not less than the Tax Credit Amount in the next round of Tax Credits; provided that such modifications shall not include any infusion of City moneys other than those amounts expressly set forth in this Agreement for such purpose.

"**Required Submittals**" means submittals by Developer for a reservation of Tax Credits during each round that occurs following the Date of Agreement and continuing until the first to occur of: (i) Developer obtains a preliminary reservation of Tax Credits in an amount of not less than the Tax Credit Amount; (ii) this Agreement is terminated; or (iii) City, at its sole discretion, determines that this provision will be temporarily waived or will no longer be applicable.

"**Residual Receipts**" for a particular Lease Year means Gross Revenues for the corresponding Lease Year less (i) Debt Service payments made during such Lease Year on the Primary Construction Loan or the Primary Permanent Loan, including payments under escrow and reserve provisions thereunder in amounts not in excess of the amounts due and payable during such month (and not including prepayments), and (ii) the sum of Operating Expenses and, to the extent funded, payments made to Chargeable Reserves as made during the corresponding Lease Year, and payments of Deferred Developer Fee as made to CHW and any approved Assignee during the corresponding Lease Year. All calculations of Residual Receipts shall be made annually, on or before May 15 for the preceding Lease Year, on a cash (and not accrual) basis and the components thereof shall be subject to verification and approval, on an annual basis, based upon conformity with the terms of this AHA and the City Lease, by the City Manager on behalf of the City.

"**Schedule of Performance**" means Attachment No. 3 to this Agreement. The Schedule of Performance sets forth the dates by which City and Developer are to perform certain obligations under this Agreement.

"**Scope of Development**" means Attachment No. 9 to this Agreement. The Scope of Development is subject to modification as provided in Section 2.2.

"**Site**" means that real property depicted on the Site Map and described with greater particularity by the Legal Description of the Site.

"**Site Map**" means Attachment No. 1 to this Agreement. The Site Map depicts the Site (which is to be developed under this Agreement).

"**Tax Credit Amount(s)**" means the amounts so delineated therefor in the Base Pro Forma, namely: not less than Sixteen Million Four Hundred Sixty Thousand Six Hundred Sixteen Dollars ($16,460,616.00) for the Portion A Project (consisting of not less than $10,470,758.00 in federal tax credits and not less than $5,989,858.00 in State tax credits) and, for the B Portion Project not less than Twenty Five Million Dollars ($25,000,000.00) in federal tax credits; this which represents the projected yield from the marketing of the Tax Credits under the Base Pro Forma and may not correspond to the amount of tax credits ultimately available.

"**Tax Credit Applications**" means, individually and collectively, Developer's Tax Credit applications to be submitted to TCAC to obtain an allocation of 9% Tax Credits and an allocation of 4% Tax Credits for the Development or such other financing as may be applied for pursuant to Section 6.15. The Tax Credit Applications submitted by Developer shall be consistent with the terms of this Agreement.

"**Tax Credit Deadline**" means December 31, 2024.

"**Tax Credit Rent**" means that maximum rent permitted to be paid for a household corresponding to an income category set forth in this agreement (such as 50% of Median Income) under the Tax Credit Rules.

"**Tax Credit Rules**" means Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*, and the rules and regulations implementing the foregoing, including without limitation the program regulations promulgated by TCAC.

"**Tax Credits**" means 9% Housing Tax Credits and 4% Housing Tax Credits granted pursuant to Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*

"**TCAC**" means the Tax Credit Allocation Committee of the State of California.

"**Tenant Selection and Tenant Services Plan**" has the meaning established therefor in Section 7.2.3 of this Agreement.

"**Term of the City Lease**" means the Base Period and the Extension Period, as more particularly set forth in the City Lease.

"**Title Company**" shall be Stewart Title Guaranty Company or another title insurer mutually acceptable to City and Developer.

"**Uniform Codes**" means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

"**Unit**" means each of the dwelling units required to be developed by Developer under this Agreement.

"**Universal Application Package**" means a packet so designated by City staff which includes comprehensive plans for the development of the Site; Universal Application Package is further described in Section 6.1 of this Agreement.

"**Very Low Income Households**" means households earning not greater than fifty percent (50%) of Median Income for the Area pursuant to the Health and Safety Code Section 50105.

"**Very** Low Income Unit" means a Unit occupied at Affordable Rent by an Extremely Low Income Household.

"**Year**" means the period commencing as of the Leasehold Transfer and ending as of December 31 of that calendar year, then each succeeding calendar year thereafter during the Required Covenant Period terminating as of the last day of the Required Affordable Period.

1.2 Singular and Plural Terms. Any defined term used in the plural in this Agreement or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 References and Other Terms. Any reference to this Agreement or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation."

1.4 Exhibits Incorporated. All attachments and exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1.5 Representations and Warranties.

City represents and warrants to Developer as follows:

(a) City. City is a municipal corporation, acting as a housing authority existing pursuant to the Housing Authorities Law, which has been authorized to transact business pursuant to action of City. City has full right, power and lawful authority to lease the Site as provided herein and the execution, performance, and delivery of this Agreement by City has been fully authorized by all requisite actions on the part of City. The parties who have executed this Agreement on behalf of City are authorized to bind City by their signatures hereto.

(b) Litigation. To the best of City's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings including the City affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. City's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which City is a party or by which it is bound.

(d) Condition of Site as of the Leasehold Transfer. The condition of the Site as of the Leasehold Transfer (including but not limited to the condition of title and the physical condition, excepting to the extent, if any, that these are modified due to activities of Developer) will not be materially different from that existing as of the Date of Agreement.

(e) No City Bankruptcy. City is not the subject of a bankruptcy proceeding.

Until the Leasehold Transfer, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.5.1 not to be true as of the Leasehold Transfer, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by City hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Developer elects to accept the Leasehold Transfer and possession of the Site following disclosure of such information, City's representations and warranties contained herein shall be deemed to have been made as of the Leasehold Transfer, subject to such exception(s). If, following the disclosure of such information, Developer elects to not accept the Leasehold Transfer of and possession of the Site, then this Agreement shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.5.1 shall survive the Leasehold Transfer.

Developer represents and warrants to City as follows:

(a) Authority. Developer is a duly organized California nonprofit public benefit corporation organized within and in good standing under the laws of the State of California. Developer has full right, power and lawful authority to lease and accept title to and possession of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of Developer. The parties who have executed this Agreement on behalf of Developer are authorized to bind Developer by their signatures hereto.

(b) Litigation. To the best of Developer's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting Developer, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. Developer's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(d) No Developer Bankruptcy. Developer is not the subject of a bankruptcy proceeding.

(e) Developer Experience; Sophisticated Party. Developer and each of the Principals of Developer are sophisticated parties, with substantial experience in the acquisition, rehabilitation, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, including rental projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. Developer is familiar with and has reviewed all laws and regulations pertaining to the development and operation of the Development, including without limitation the Tax Credit Rules, and has obtained advice from any advisers of its own choosing in connection with this Agreement.

(f) Due Authorization and Execution; Studies Completed. Developer has duly authorized the execution of this Agreement, and prior to the Leasehold Transfer (in the event Developer proceeds with the Leasehold Transfer) will duly authorize the City Regulatory Agreement, the City Covenants and the City Lease. Prior to the Leasehold Transfer, Developer shall execute and deposit with City (to be held pending satisfaction of the City Conditions Precedent as set forth in Section 3.1 hereunder) the City Regulatory Agreement, the City Covenants, and all documents necessary to effectuate the Leasehold Transfer hereunder.

Until the Leasehold Transfer, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.5.2 not to be true as of the Leasehold Transfer, immediately give written notice of such fact or condition to City. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which City shall have a right to approve or disapprove if such exception would have an effect on the development and/or operation of the Site. If City elects to proceed with the Leasehold Transfer following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Leasehold Transfer, subject to such exception(s). If, following the disclosure of such information, City elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.5.2 shall survive the Leasehold Transfer.

1.6 Condition of the Site.

Prior to the Closing, Developer and its employees, agents, contractors and consultants (collectively, the "Developer Contracting Parties") may enter the Site as necessary during regular business hours to obtain data and make any other or additional surveys, tests, studies, and reports necessary to evaluate the suitability of the Site for the Development, including but not limited to invasive testing and the investigation of the environmental and physical condition of the Site (collectively, the "Studies"). Any studies undertaken on the Site by any of the Developer Contracting Parties prior to the Closing shall be done at the sole expense of Developer, and Developer shall make arrangements with City staff prior to undertaking such work and entering the Site. Any studies shall be undertaken only after Developer has secured the consent of the City and any necessary permits therefor from the appropriate governmental agencies, including without limitation City. Developer hereby agrees to promptly provide City with any and all Studies relating to the environmental condition of the Site upon Developer's acquisition thereof but without any representation as to the accuracy of such Studies or City's or City's rights to rely thereon. Following the completion of the tests and investigations described in this section, Developer shall restore the surface of the Property to substantially the condition existing prior to the performance of any such tests or investigations. Developer shall also indemnify, defend and hold City and its board members, council members, officers, and employees harmless against any claims for damage to person or property arising from

entry on or activities of any of Developer Contracting Parties pursuant to this section, except and to the extent resulting from the gross negligence or willful misconduct of City. This obligation to indemnify shall survive termination of this Agreement.

Developer shall notify City on or before March 2, 2023 to the following effect: (i) that Developer has determined that there are not Materially Adverse Conditions on the Site, or (ii) that there are Materially Adverse Conditions on the Site but Developer has located funding sources to remediate, remove or otherwise satisfy such Conditions and that Developer elects to proceed to accept the Leasehold Transfer and proceed with performance, (iii) that there are Materially Adverse Conditions on the Site and Developer elects to terminate pursuant to Section 7.3(a) hereof unless City and Developer agree, within (15) days following the date such notice is received by City to otherwise resolve such conditions to Developer's satisfaction, in Developer's sole and absolute discretion.

Developer shall save, protect, pay for, defend (with counsel acceptable to each of City), indemnify and hold harmless City and its elected and appointed officials, officers, employees, attorneys, representatives, volunteers, contractors and agents (collectively, "Indemnitees") from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs and third-party claims or costs) (the foregoing are hereinafter collectively referred to as "Liabilities") that may now or in the future be incurred or suffered by Indemnitees by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of: (i) the presence, use, release, escape, seepage, leakage, spillage, emission, generation, discharge, storage, or disposal of any Hazardous Materials in, on, under, or about, or the transportation of any such Hazardous Materials to or from, the Site occurring after the Closing or caused or contributed to by Developer; (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment, or license relating to the use, generation, release, leakage, spillage, emission, escape, discharge, storage, disposal, or transportation of Hazardous Materials in, on, under, or about, or to or from, the Site by Developer or occurring after the Closing; (iii) the physical and environmental condition of the Site caused or contributed to by Developer or occurring after the Closing, and (iv) any Liabilities caused or contributed to by acts or omissions of Developer relating to any Environmental Laws and other Governmental Requirements relating to Hazardous Materials and/or the environmental and/or physical condition of the Site. The foregoing indemnification shall continue in full force and effect regardless of whether such condition, liability, loss, damage, cost, penalty, fine, and/or expense shall accrue or be discovered before or after the termination of the Required Covenant Period. This indemnification supplements and in no way limits the indemnification set forth in Article 6.

During the construction, development, operation and management of the Development, Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Site. Such precautions shall include, but not be limited to, compliance with all Environmental Laws and other Governmental Requirements. Developer shall notify City, and provide to City a copy or copies of any notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to all Environmental Laws and other Governmental Requirements, and Developer shall report to City, as soon as possible after each incident, any unusual or potentially important incidents in the event of a release of any Hazardous Materials into the environment.

Developer hereby waives, releases and discharges forever the Indemnitees from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, including attorneys' fees, court and litigation costs and fees of expert witnesses, present and future, arising out of or in any way connected with Developer's possession or use of the Site, improvement of the Site in accordance with this Agreement, the Scope of Development, and the land use entitlements obtained by Developer for the Development, and for the operation of the Development at the Site, of any Hazardous Materials on the Site from the activities of Developer or arising from and after the Closing, or the existence of Hazardous Materials contamination in any state on, under, or about the Site, from the activities of Developer or arising from and after the Closing. The foregoing indemnity shall not apply to the condition or use of the Site prior to the Closing, except and to the extent caused by any conditions which have been caused or exacerbated by any of the Developer Contracting Parties.

In connection with the foregoing, Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code that provides as follows:

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

As such relates to this Section 1.6.5, Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

Notwithstanding the foregoing, this waiver, discharge, and release shall not be effective in the event the presence or release of Hazardous Materials on the Site (i) occurs prior to the Closing and which is not caused or contributed to by Developer or (ii) as a result of the gross negligence or willful misconduct of City or their respective officers, employees, representatives and agents.

Developer shall notify City upon receipt, and provide to City a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Site and the Development: notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Environmental Laws and other applicable Governmental Requirements relating to Hazardous Materials and underground tanks, and Developer shall report to City, as soon as possible after each incident, all material information relating to or arising from such incident, including, but not limited to, the following:

(a) All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials as required by any Governmental Requirements;

(b) All notices of suspension of any permits relating to Hazardous Materials;

(c) All notices of violation from federal, state or local environmental authorities relating to Hazardous Materials;

(d) All orders under the State Hazardous Waste Control Act and the State Hazardous Substance Account Act and corresponding federal statutes, concerning investigation, compliance schedules, clean up, or other remedial actions;

(e) All orders under the Porter Cologne Act, including corrective action orders, cease and desist orders, and clean up and abatement orders;

(f) Any notices of violation from OSHA or Cal OSHA concerning employees' exposure to Hazardous Materials;

(g) All complaints and other pleadings filed against Developer relating to Developer's storage, use, transportation, handling or disposal of Hazardous Materials on or about the Site; and

(h) Any and all other notices, citations, inquiries, orders, filings or any other reports containing information which would have a materially adverse effect on the Site or City's liabilities or obligations relating to Hazardous Materials.

In the event of a release of any Hazardous Materials into the environment, Developer shall, as soon as possible after obtaining knowledge of the release, furnish to City a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of City and/or City, but subject to any limitations imposed by law or by court order, Developer shall furnish to City a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Site in Developer's possession and/or shall notify City of any environmental entitlements or inquiries relating to or affecting the Site within Developer's actual or constructive knowledge if Developer is not in possession of same, including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

2. THE SITE, SCOPE OF DEVELOPMENT AND SCHEDULE OF PERFORMANCE

2.1 The Site. The Site is described in Attachments No. 1 and No. 2. The Adjacent City Parking Area is not part of the Site.

2.2 Scope of Development. Developer shall develop the Site in conformity with the Scope of Development. The Scope of Development is subject to modification from time to time based upon the mutual written agreement of City and Developer; the City Manager is authorized by City to modify the Scope of Development to the extent such modifications are not material at the discretion of the City Manager without the need for further action by the City. Subsequent to the Date of Agreement, Developer will be applying to City for zoning action, environmental review associated with the development contemplated by this Agreement, any applicable mapping, and associated land use review. Land use review shall be subject to the customary City public hearing process.

3. DISPOSITION OF THE SITE

3.1 Tentative Map and Final Map. City hereby agrees that Developer may file an application for a tentative parcel map and a final parcel map in order to reconfigure the Site. Developer shall proceed with such activities at its cost; any costs in connection with processing mapping shall be borne by Developer. Developer's ability to obtain a final parcel map reasonably acceptable to Developer, and the expiration of any applicable appeal periods without a successful appeal, are conditions

precedent to the Closing. Developer's inability to obtain such a final parcel map shall not, to the extent the failure is not attributable to the acts or omissions of Developer, constitute a Default by Developer hereunder. It is mutually acknowledged that as part of the financing plan Developer may seek to divide the Site into two parcels or, alternatively, to divide the Site into two condominium units. If the Site is divided into two parcels it is contemplated that Portion A would be leased directly by City to the Portion A Assignee and that Portion B would be leased directly by City to the Portion B Assignee.

3.2 Lease of the Site. All references in this Agreement to acreage are approximate; payments by Developer (including without limitation those payments required under the City Lease) will not change regardless of whether the actual acreage of the Site differs from the acreage figures set forth in this Agreement. Subject to the conditions and limitations set forth in the foregoing part of this Section 2.2 and further subject to the prior satisfaction of the City Conditions Precedent, the Leasehold Transfer of the Site is to be accomplished as set forth in Sections 3.2 to 3.5 hereof.

In consideration of City entering into the City Lease, Developer shall pay rent under the City Lease, and shall comply with and cause the use of the Site to conform to the City Lease, the City Covenants and the City Regulatory Agreement throughout the Required Covenant Period.

3.3 Escrow. The parties shall open an escrow (the "City Escrow") with the Escrow Holder, by the time established therefor in the Schedule of Performance for the Leasehold Transfer, and the recordation and delivery of documents described in Article 3. City and Developer agree to execute such escrow instructions as may be reasonably required to implement this Section 2.3. The obligation of City to deliver the Memorandum of Lease (and a copy of the City Lease), as well as the Notice of Affordability Restrictions and, if not previously recorded, the City Regulatory Agreement and the City Covenants, to escrow or to proceed with the Leasehold Transfer is contingent upon the satisfaction of the "City Conditions Precedent," as set forth in Section 4.1 of this Agreement. In the event the Site is divided into Portion A and Portion B, it is contemplated that separate escrow instructions will be prepared for each such Portion, with each of City, Developer, and the applicable Approved Assignee (e.g., the Portion A Assignee as to Portion A and the Portion B Assignee as to Portion B) executing such instruments; the instructions shall be based upon and shall be consistent with this Section 3.3, with the added proviso that if the Site has been divided, neither the leasing of Portion A or Portion B may be closed unless both leases will close concurrently.

City and Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 2.5 hereof, City shall pay for the documentary transfer taxes, if any, due with respect to the Leasehold Transfer, and Developer and City each agree to pay one-half of all other usual fees, charges, and costs which arise from Escrow.

The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and City will cancel its own policies after the Leasehold Transfer. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If in the opinion of any of Developer, City it is necessary or convenient in order to accomplish the Leasehold Transfer, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute

such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Leasehold Transfer shall take place when the City Conditions Precedent have been satisfied. Escrow Holder is instructed to release City's escrow closing and Developer's escrow closing statements to the respective parties.

Escrow Holder is authorized to, and shall:

(a) Pay and charge Developer and City for their respective shares of the premium of the Lessee's Title Policy as set forth in Section 3.5 and any amount necessary to place title in the condition necessary to satisfy Section 3.4 of this Agreement.

(b) Pay and charge Developer and City for their respective shares of any escrow fees, charges, and costs payable under Section 3.3.1 of this Agreement.

(c) Pay and charge Developer for any endorsements to the Lessee's Title Policy which are requested by Developer.

(d) Disburse funds, record and deliver the Recordable Documents in the order set forth in Section 3.3.6 and deliver such documents.

(e) Do such other actions as necessary to fulfill its obligations under this Agreement.

(f) Deliver to City the City Note duly executed by Developer and those instruments referenced in Section 3.3.6 upon recordation of the City Deed of Trust.

(g) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

The Leasehold Transfer and delivery of documents related shall close ("Closing") within thirty (30) days of the parties' satisfaction of all of the City Conditions Precedent, but in no event later than the last day established therefor in the Schedule of Performance. The Schedule of Performance is subject to modification from time to time at the mutual concurrence of City and Developer, each acting at its sole discretion. The "Closing" means the time and day that all of the City Regulatory Agreement, the City Covenants, the Notice of Affordability Restrictions, the Memorandum of Lease, the City Deed of Trust have been recorded among Official Records and Escrow Holder holds each of the City Promissory Note for delivery to City. The "Closing Date" means the day on which the Closing occurs. Escrow Holder shall also cause to be recorded among the Official Records a Request for Notice of Default as to each deed of trust hereafter designated by the City Manager to Escrow Holder; provided that the recording of such Notice(s) of Default shall not be a condition precedent to Closing.

If Escrow is not in condition to close by the time established therefor in the Schedule of Performance, then a party which has fully performed under this Agreement may, in writing, demand the return of money or property and terminate this Agreement. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate until five (5) days after Escrow Holder shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Holder is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Developer, however, shall have the sole

option to withdraw any money deposited by it with respect to the Closing less Developer's share of costs of Escrow. Termination of the Escrow shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no timely demands for termination are made, the Escrow Holder shall proceed with the Closing as soon as possible.

Escrow Holder shall close Escrow for the Leasehold Transfer as follows:

Record the following documents in this order: (i) the Memorandum of Lease; (ii) the Bond Regulatory Agreement (if applicable); (iii) the City Covenants (if applicable); (iv) the City Regulatory Agreement; (v) the Approved Construction and/or Permanent Lender's deed(s) of trust; (vi) the City Deed of Trust; (vi) the Notice of Affordability Restrictions; and (vii) such other instruments, if any, as shall be approved by City Manager (upon consultation with City's legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof), including any mutually approved subordination agreements (provided that the City Regulatory Agreement and the City Covenants shall not be subordinated), with instructions for the Recorder of Placer County, California to deliver to City the City Covenants, and to City the City Regulatory Agreement, the Memorandum of Lease, the City Deed of Trust, and the Notice of Affordability Restrictions and to deliver a certified copy of each to Developer. The order of recordation shall be subject to revision upon approval of the City Manager;

(a) Instruct the Title Company to deliver the Lessee's Title Policy to Developer, with a copy to City;

(b) Instruct the Title Company to deliver to City the City Loan Policy;

(c) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(d) Deliver the FIRPTA Certificate, if any, to Developer;

(e) Deliver documents as set forth in Section 3.3.3 hereof; and

(f) Forward to both Developer and City a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

3.4 Review of Title. City shall cause the Title Company to deliver to Developer a standard preliminary title report (the "Report") with respect to the leasehold interest in the Site under the City Lease within thirty (30) business days following the Date of Agreement, and City will endeavor to cause the Title Company to provide to Developer legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report at such time. Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that Developer hereby approves the following Exceptions:

(a) The Redevelopment Plan.

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

(c) The provisions of the City Covenants, the City Regulatory Agreement, the City Lease (and the Memorandum of Lease), the City Deed of Trust, the Notice of Affordability Restrictions.

(d) Any incidental easements or other matters affecting title which do not materially impact Developer's use of the Site as described in the Scope of Development.

Developer shall have thirty (30) business days from the date of its receipt of the Report to give written notice to City and Escrow Holder of Developer's approval or disapproval of any of such Exceptions. If Developer notifies City of its disapproval of any Exceptions in the Report, City shall have ten (10) business days from the receipt of written notice of disapproval by Developer to determine whether or not it will undertake the removal of any disapproved Exceptions. If City elects to remove such Exceptions, it shall diligently proceed to effect the removal of such Exceptions, provided that any such Exceptions shall be removed no later than the Closing as a condition precedent to Developer's obligation to enter into the Lease. If City cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have ten (10) business days after the expiration of such ten (10) business day period to either give City written notice that Developer elects to proceed with the ground leasing of the Site subject to the disapproved Exceptions or to give City written notice that Developer elects to terminate this Agreement. The Exceptions to title approved by Developer as provided herein shall hereinafter be referred to as the "Condition of Title." City shall promptly notify Developer of any additional and/or previously unreported Exceptions reported by the Title Company (which are not created by Developer) after Developer has approved the Condition of Title for the Site, and Developer shall have the right to approve or disapprove any such additional Exceptions pursuant to the process described in this paragraph as a condition precedent to Developer's obligation to enter into the City Lease.

3.5 Title Insurance.

(a) Lessee's Policy of Title Insurance. Concurrently with recordation of the Memorandum of Lease, there shall be issued to Developer an ALTA leasehold owner's policy (extended coverage) of title insurance (the "Lessee's Title Policy"), based upon the City's or Redevelopment Agency's original cost to acquire the Site (or, if different, the then-appraised value of the Site as of the Leasehold Transfer, or, at Developer's option, an amount equal to the total development costs of the Site), together with such endorsements as are reasonably requested by Developer, issued by the Title Company insuring that the title to a leasehold interest in the Site and fee interest in the Improvements are vested in Developer in the condition required by Section 2.4 of this Agreement. The Title Company shall provide City with a copy of the Lessee's Title Policy. The Lessee's Title Policy shall be based upon value described in this section. City shall pay that portion of the premium for the Lessee's Title Policy equal to the cost of a CLTA standard coverage title policy insuring a leasehold in the amount based upon the City's or Redevelopment Agency's original cost to acquire the Site without regard to any improvements thereto. Any additional costs, including the cost of an ALTA policy or any endorsements requested by Developer, shall be borne by Developer.

If the Site is divided into Portion A and Portion B, there shall be separate policies for the City's benefit based upon the corresponding Portion of the Site.

(b) City Lender Policy of Title Insurance. Concurrently with recordation of the City Memorandum of Lease, there shall be issued to City a lender's policy of title insurance as to City's beneficial interest under the City Deed of Trust (the "City Loan Policy"). The City Loan Policy will be to cover the original principal amount of the City Loan. Such policy will include those endorsements as are

requested by City and shall insure that the beneficial interests of City under each of the City Deed of Trust is insured in the condition required by Section 3.4 of this Agreement. Developer shall pay the premiums for the City Loan Policy and endorsements.

3.6 Financing Package. As required herein and as a City Condition Precedent to the Leasehold Transfer, as further set forth in Section 4.1 hereof, Developer shall submit to City evidence that Developer has obtained sufficient equity capital or has arranged for and obtained a binding commitment for construction financing necessary to undertake the development of the Site and the construction of the Improvements in accordance with this Agreement.

4. CONDITIONS TO DEVELOPER POSSESSION OF THE SITE

4.1 City Conditions Precedent. City shall not effect the Leasehold Transfer or disburse any portion of the City Loan, as provided pursuant to this Agreement, and Developer shall not take possession of a leasehold interest in the Site under the Leasehold Transfer (notwithstanding any provision of this Agreement to contrary effect) unless all of the following conditions precedent (the "City Conditions Precedent") has been fully satisfied, as determined in good faith by the City Manager (which condition, if it requires action by Developer, shall also be a covenant of Developer). City agrees to use diligent, good faith efforts to satisfy those City Conditions Precedent under the control of City.

(a) Recording of Certain Documents. Each of the City Covenants, the City Regulatory Agreement, the City Lease or a memorandum of lease in form approved by the City Manager, the City Deed of Trust and the Notice of Affordability Restrictions has been recorded; any documents determined in connection with the Final Financing Package to be executed and delivered in connection with the acquisition of the Site have been so executed and delivered and, where required to be recorded, have been recorded; and the Title Company is committed to issue the Lessee's Title Policy to Developer and the City Loan Policy to City. If the Site has been divided into Portion A and Portion B, the recording of documents shall be deemed to refer to the instruments enumerated above as to each such Portion.

(b) Evidence of Financing. Developer shall have provided written proof acceptable to City that Developer has sufficient internal funds and/or has obtained one or more loans or financing (including the City Loan), subject to customary conditions, for construction of the Development, and City has approved such evidence of financing, in accordance with all of Section 6.15 hereof, including that a preliminary reservation of Tax Credits has been obtained for an amount of not less than the Tax Credit Amount and the City shall have approved a Final Financing Package reflecting a high level of assurance that financing has been secured which is sufficient for the development of the Site and use at the rent levels and income levels required from all sources of financing as referenced in the last paragraph of Section 7.2. In the event Developer obtains a loan or financing for the construction of the Development, such construction loan or financing for the Development shall be ready to close, and shall close, and a portion of proceeds from the sale of Tax Credits, as provided for in this Agreement and under the Final Financing Package, shall be immediately available for use in constructing the Improvements. If the Site has been divided into Portion A and Portion B, evidence of financing must be demonstrated for each of Portion A and Portion B; both must be established to the reasonable satisfaction of City if closing is permitted to occur.

(c) Construction Contract. Developer shall have provided to City a signed copy of a stipulated sum or guaranteed maximum price contract between Developer and the general contractor for the construction of the Development, certified by Developer to be a true and correct copy thereof, and City

Manager shall have approved such contractor or contractors, and the construction contract or contracts, pursuant to Section 6.15 hereof. City hereby approves Sun Country Builders as the general contractor for the Project; any other contractor shall be subject to approval under Section 6.15. If the Site is divided into Portion A and Portion B, there shall be separate construction contracts as to each such Portion.

(d) Payment, Performance and Completion Bonds. Developer or its general contractor shall have obtained payment bonds and performance and completion bonds for the Development, in an amount and from a surety company reasonably acceptable to the City Manager. All bonds shall be issued by good and solvent sureties qualified to do business in California and shall have a rating of A or better in the most recent edition of Best's Key Rating Guide. If the Site is divided into Portion A and Portion B, there shall be separate payment, bonds and performance and completion bonds as to each such Portion.

(e) TCAC Approval. All TCAC approvals required in connection with the preliminary reservation of Tax Credits have been obtained in an amount not less than the Tax Credit Amount and remain in full force and effect. If the Site has been divided, required TCAC approvals shall pertain to each of Portion A and Portion B, with each such TCAC approval (and the corresponding financing plan) standing alone.

(f) Insurance. City shall have received evidence, satisfactory to City Manager, that all of the insurance policies required by Section 6.5 below as well as coverages required by the City Lease, are in full force and effect. If the Site is divided into Portion A and Portion B, separate evidence of insurance shall be required as to each such Portion.

(g) Parking Plan. Developer shall have submitted and shall have obtained City approval of a plan for parking for the Project. In the event any parking is provided at the Adjacent City Parking Area, no interest will be conveyed, no liens or restrictions may be imposed as to the Adjacent City Parking Area by Developer or any party providing financing for the Project (excepting therefrom City) and parking spaces would be available only on a non-exclusive basis to residents of the Project under a license agreement or other instrument acceptable to City. If the Site has been divided, each Portion shall have a Parking Plan that indicates use for the respective Portions; in addition, any reciprocal access and/or joint use shall be addressed.

(h) Efforts to Obtain Additional Funding; Developer Contribution. Developer shall have submitted evidence reasonably satisfactory to the City Manager that Developer has made diligent attempts to obtain financing on favorable terms from public agencies other than the City in order to address affordability of housing for the lowest income segments of the community; provided that in no event shall such other funding be conditioned upon the requirement of lien positions, priorities, or sharing in revenues inconsistent with the terms and provisions of this Agreement. It is further contemplated that the Developer will make a Developer contribution to the Project of Two Million Five Hundred Twenty Six Thousand Four Hundred Forty Four Dollars ($2,526,444.00) as more fully described in the Base Pro Forma.

(i) Zoning and Land Use Entitlements. Developer shall have zoning and other land use entitlements, as well as mapping approval and environmental clearance, that would authorize the development of the Site consistent with this Agreement.

(j) Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct as of the Leasehold Transfer as though made on and as of that date, and City Manager shall have received a certificate to that effect signed by an officer of Developer. In the event the Site shall have been divided prior to closing, then the representations and warranties shall be that of Developer and of the Portion A Assignee (as to Portion A) and the Portion B Assignee (as to Portion B).

(k) No Default. No Default by Developer or any Approved Assignee shall have occurred under this Agreement or any other agreement between City and Developer (and/or any Approved Assignees) and/or its officers or employees, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute a Default by Developer (or any Approved Assignee) under this Agreement, and City Manager shall have received a certificate to that effect signed by an officer of Developer and, if the Site has been divided, each Approved Assignee.

All conditions set forth in this Section 4.1, or to City's obligations hereunder, are for City's benefit only and City Manager may waive all or any part of such rights by written notice to Developer. If City Manager shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to City's approval, or if any of the conditions set forth in this Agreement are not met within the times called for, City may thereafter terminate this Agreement without any further liability on the part of City by giving written notice of termination to Developer.

4.2 Developer Conditions Precedent. Developer shall not be obligated to accept the Leasehold Transfer or take possession of a leasehold interest in the Site under the Leasehold Transfer (notwithstanding any provision of this Agreement to contrary effect) unless all of the following conditions precedent (the "Developer Conditions Precedent") has been fully satisfied, as determined in good faith by the Developer (which condition, if it requires action by City, shall also be a covenant of City); and the Developer agrees to use diligent, good faith efforts to attempt to satisfy the Developer Conditions Precedent:

(a) Financing Commitments. Developer shall have obtained binding commitments for one or more loans or financing (including the City Loan), subject to customary conditions, for construction of the Development, and City has approved such evidence of financing, in accordance with all of Section 6.15 hereof, including that a preliminary reservation of Tax Credits has been obtained for an amount of not less than the Tax Credit Amount and the City shall have approved a Final Financing Package.

(b) TCAC Approval. All TCAC approvals required in connection with the preliminary reservation of Tax Credits have been obtained in an amount not less than the Tax Credit Amount and remain in full force and effect.

(c) Representations and Warranties. The representations and warranties of City contained in this Agreement shall be correct as of the Leasehold Transfer as though made on and as of that date, and Developer shall have received a certificate to that effect signed by an officer of the City.

(d) No Default. No Default by City shall have occurred under this Agreement or any other agreement between City and Developer and/or its officers or employees, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute a Default by City under this Agreement, and Developer shall have received a certificate to that effect signed by an officer of City.

(e) Condition of the Property. The condition of the Property, including but not limited to the physical condition and the condition of title, shall not be materially different than that existing as of the Date of Agreement, subject only to matters caused by the activities of the Developer or any of the Developer Contracting Parties.

All conditions set forth in this Section 4.2, or to Developer's obligations hereunder, are for Developer's benefit only and Developer may waive all or any part of such rights by written notice to City. If Developer shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to Developer's approval, or if any of the conditions set forth in this Agreement are not met within the times called for, Developer may thereafter terminate this Agreement without any further liability on the part of Developer by giving written notice of termination to City.

5. CITY LOAN PROVISIONS

5.1 Loan Amounts. Subject to the terms and conditions set forth in the City Documents, City hereby agrees to make a loan to Developer in the amount of the City Loan Amount (the "City Loan") to fund the shortfall of development and permanent financing costs as shown in the Final Financing Package. Developer's obligation to repay the City Loan shall be evidenced by the City Promissory Note and secured by the City Deed of Trust. The close of the City Loan shall occur concurrently with the Closing. If the Site shall have been divided into Portion A and Portion B, there shall be two loans, as noted above; each loan shall have similar provisions as set forth under this Section 5 but with different amounts and different promisors.

5.2 Interest. The City Loan shall bear simple interest at the Applicable Interest Rate.

5.3 Use of City Loan. The City Loan shall be used solely for construction and permanent financing in accordance with the Final Financing Package. Developer may not use any proceeds of the City Loan for any other purpose without the prior written consent of City, which consent may be granted, conditionally granted or refused at the sole and absolute discretion of City.

5.4 Security; Subordination. City agrees to subordinate the City Deed of Trust to liens securing one Primary Construction Loan (which, if the Site has been divided, shall pertain only to the Portion as to which the Primary Construction Loan is made) and subsequently one Primary Permanent Loan (each a "Senior Loan"), but only on condition that all of the following conditions are satisfied:

(a) All the proceeds of the proposed Senior Loan(s), less any transaction costs, must be used to provide acquisition, construction or permanent financing for the Project, or any combination thereof.

(b) Developer is not in breach of any provision of this Agreement.

(c) The proposed lender must be an Approved Construction and/or Permanent Lender.

(d) Developer must demonstrate to City's reasonable satisfaction that subordination of the City Deed of Trust is necessary to secure adequate construction, rehabilitation and/or permanent financing to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by this Agreement. To satisfy this requirement, Developer must provide to City, in addition to any other information reasonably required by City, evidence demonstrating that the amount of the proposed Senior Loan(s) is necessary to provide adequate construction, rehabilitation

and/or permanent financing to ensure the viability of the Development, and adequate financing for the Development would not be available without the proposed subordination.

(e) The subordination agreement(s) must be structured to minimize the risk that the City Deed of Trust would be extinguished as a result of a foreclosure by the Approved Construction and/or Permanent Lender. To satisfy this requirement, the subordination agreement must provide City with adequate written notice and rights to cure any defaults by Developer, including: (i) providing City or its successor with copies of any notices of default at the same time and in the same manner as provided to Developer; and (ii) providing City with a cure period of at least thirty (30) days to cure any default.

(f) The subordination(s) described in this Section may be effective only during the original term of the Senior Loan(s) and any extension of its term or refinancing approved in writing by City, and to any refinancing of the Senior Loan(s) as approved by City under this Agreement under which there is no cash out to Developer that is not used for Project related expenses as approved by the City Manager at his or her discretion upon application by Developer.

(g) No subordination may limit the effect of the City Deed of Trust before a foreclosure of the Permitted Senior Lien, nor require consent of the holder of the Senior Loan to exercise any remedies by City under the City Documents.

(h) Upon a determination by the City Manager that the conditions in this Section have been satisfied, the City Manager or his/her designee will be authorized to execute the approved subordination agreement without the necessity of any further action or approval.

It is mutually contemplated that the City Regulatory Agreement and the City Covenants (if applicable) shall not be subordinated with respect to the Base Period. The City Manager, on behalf of City, and the City Manager, on behalf of City, are each deleted the authority to and shall have the right to consider subordination as to periods of time other than the Base Period upon a compelling showing that: (i) such subordination is necessary to accomplish the financing of the Improvements; (ii) the party or parties requesting such subordination are acting reasonably; (iii) Developer has exhausted all reasonable efforts to successfully accomplish the financing of the Improvements; (iv) the provision of reasonable countervailing consideration to City has been considered and is made available to the extent feasible, such as expansions of the rights of City as set forth under Section 10.6(b) of this Agreement; (v) the resulting terms and conditions reasonably protect the interests of City (as determined by the City Manager and the City Manager, respectively); and (vi) without limitation as to other rights or remedies of City, City shall have those rights described in Section 10.6(b) of this Agreement. In addition to the foregoing portion of this Section 5.4.2, each of the City Manager and the City Manager is delegated authority to consider, at his or her respective discretion, such requests in connection with the provision of financing for the Development, as may be received to approve (at the discretion of each) accommodations similar to those which have previously been approved by City in connection with other affordable housing transactions within the five (5) years preceding the Date of Agreement.

5.5 Repayment.

The City Loan shall be repaid as follows (with each City Loan, as apportioned in the event the Site shall have been divided into Portion A and Portion B to have the same provisions as set forth below, but without any cross default as between Portion B and Portion B):

(a) Term. The City Loan shall have a term that expires on the date fifty-seven (57) years from the Close of Escrow.

(b) Payments. Commencing on the May 1 first occurring after the Year in which the permanent loan closes for the Project but not later than six (6) months after the completion of the Improvements pursuant to this Agreement, and on each May 1 thereafter throughout the term of the City Loan, Developer shall make repayments of the City Loan equal to the Applicable Percentage of Residual Receipts, if any (which pro-rata share shall be calculated based on the original principal amount of other financing which is to be paid from Residual Receipts). Payments made shall be credited first against accrued interest and then against outstanding principal of the City Loan.

(c) Interest on City Loan. Subject to the provisions of subsection (d) below, all principal and interest on the City Loan shall, at the option of City, be due and payable upon the earliest of: (1) a transfer other than a transfer permitted or approved by City as provided in Section 8.3 below; (2) the occurrence of an uncured Default by Developer for which City elects to exercise its right to cause the City Loan to become immediately due and payable; or (3) the expiration of the term of the City Loan.

(d) Prepayment. Developer shall have the right to prepay the City Loan at any time. However, this Agreement, the City Covenants, the City Lease, and the City Regulatory Agreement shall remain in effect for their entire respective terms, regardless of any prepayment or timely payment of the City Loan.

5.6 Conditions Precedent to Disbursement of City Loan. City will disburse the City Loan subject to the conditions precedent set forth below. City shall not be obligated to make any disbursements of the City Loan proceeds unless the following conditions precedent are satisfied:

(a) There exists no Default by Developer nor any act, failure, omission or condition that would constitute a Default by Developer under this Agreement;

(b) The conditions precedent described in Section 4.1 have been satisfied or expressly waived in writing by City; and

(c) The undisbursed proceeds of the City Loan, together with other funds or firm commitments for funds that Developer has obtained in connection with the construction of the Development are not less than the amount that City determines is necessary to pay for development costs and to satisfy all of the covenants contained in this Agreement.

(d) With respect to disbursements for construction costs, City has received a written draw request from Developer, setting forth the proposed uses of funds consistent with the Final Financing Package, the number of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred; and lien releases from Developer's general contractor and/or mechanics lien title insurance endorsements reasonably acceptable to City.

5.7 Non-Recourse Obligation.

Except as provided below, Developer shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the City Loan or the performance of the covenants of Developer under the City Deed of Trust.

The sole recourse of City with respect to the principal of, or interest on, the City Promissory Note and defaults by Developer in the performance of its covenants under the City Deed of Trust shall be to the property described in the City Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall: (1) limit or impair the enforcement against all such security for the City Promissory Note of all the rights and remedies of City thereunder; or (2) be deemed in any way to impair the right of City to assert the unpaid principal amount of the City Promissory Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the City Promissory Note and the performance of Developer's obligations under the City Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve Developer of its s indemnification obligations under this Agreement, or liability for: (1) fraud or willful misrepresentation; (2) the failure to pay taxes, assessments or other charges which may create liens on Developer's interest in the Property that are payable or applicable prior to any foreclosure under the City Deed of Trust (to the full extent of such taxes, assessments or other charges); and (3) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Development.

6. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING

6.1 Scope of Development. Developer shall develop the Improvements in accordance with the Scope of Development, as the Scope of Development may be amended under Section 2.2, and the approved plans, drawings and documents for the Improvements. Plans shall be subject to the City's development entitlement process, which may include, but is not limited to: design review, consideration of conditional use permit, lot line adjustment/parcel map, and CEQA compliance. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by City, the approved Development plans shall control. In connection with seeking land use approvals for development of the Site, Developer shall submit a packet commonly referred to by City as a "Universal Application Package" which will include basic concept drawings ("Basic Concept Drawings") for development of the Improvements (inclusive of Portion A and Portion B). City will review the Basic Concept Drawings and the remainder of the Universal Application Package as submitted in accordance with the City's customary process, including design review consistent with the architectural guidelines for that area designated by City as the "Quarry District."

Before commencement of construction of the Improvements or other works of improvement upon the Site, Developer shall submit to City a Universal Application Package that will include any plans and drawings (collectively, the "Design Development Drawings") which may be required by City with respect to any permits and entitlements which are required to be obtained to develop the Improvements, which City shall comment on and return to Developer within thirty (30) days from the date of receipt thereof, or sixty (60) days in the case of design review; if the City takes longer to review plans, times for performance by Developer will be deemed extended by the time in excess of the foregoing time limits. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to City such plans for the Improvements as required by City in order for Developer to obtain building permits for the Improvements. Within thirty (30) days after City's disapproval or conditional approval of such plans (or sixty (60) days in the case of design review), Developer shall revise the portions of such plans identified by City as requiring revisions and resubmit the revised plans to City. Developer shall include in its plans a description of any joint or reciprocal use as between Portion A

and Portion B, including without limitation ingress, egress, parking, and the use of common area facilities.

City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Code, and nothing set forth in this Agreement shall be construed to constitute City's approval of any or all of the Design Development Drawings or other entitlements or to limit or affect City's review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

Any and all change orders or revisions required by City and its inspectors under the City Code and including without limitation all applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

City shall not be responsible either to Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 6.1.4.

Before commencement of construction of the Improvements or other works of improvement upon the Site, Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits, and approvals which may be required for the Improvements by City or any other governmental agency affected by or having jurisdiction over such construction or work, except for those which are the responsibility of City to the extent, if any, as set forth herein, including without limitation a license agreement between Developer and City allowing entry onto the Site which indemnifies the Indemnitees from any claims made in connection with the activities of Developer. Developer shall, without limitation, apply for and secure, and pay all costs, charges and fees associated therewith, all permits and fees required by City, the County of Placer, and other governmental agencies with jurisdiction over the Improvements.

6.2 Time of Performance; Progress Reports. Developer shall submit all Design Development Drawings, commence and complete all construction of the Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement. Construction of the Improvements shall be commenced on or before the time established therefor in the Schedule of Performance. Once construction is commenced, it shall continuously and diligently be pursued to completion and shall not be abandoned for more than thirty (30) days except when due to causes beyond the control and without the fault of Developer as set forth in Section 9.10. During the course of construction and prior to issuance of the Certificate of Completion, Developer shall provide timely reports of the progress of construction when requested by the City Manager. Developer shall complete construction of all of the Improvements on the Site within twenty (20) months after the first to occur of (i) commencement of construction or (ii) the time established by this Agreement for commencement of construction.

6.3 Cost of Development. The cost of planning, designing, developing, and constructing the Improvements and the cost of any mapping the Site shall be borne solely by Developer (however the City Loan shall be used to pay a portion of such costs). All fees imposed by any governmental entity in connection with the acquisition of the Site or the development of the Improvements shall be borne

by Developer and shall be paid when due by Developer. City shall be responsible for and bear the costs, if any, associated with the application of Relocation Laws to the Development to the extent described above within the definition of "Relocation". In addition, in the event City desires to rent all or a portion of the Site for a period commencing after the Date of Agreement ("Post-Agreement Rentals"), any Post-Agreement Rental shall not interfere with Developer's rights under this Agreement, and City shall be responsible for compliance with Relocation Laws with respect to any such Post-Agreement Rentals in a manner which will not delay or otherwise interfere with the Closing or Developer's development of the Improvements, including but not limited to a requirement that the Site shall be free of all rights of occupancy or possession in any third parties no later than the Closing.

Developer shall pay to City, or cause to be disbursed by the lender making the Primary Construction Loan to City, all of the City Impact Fees not later than concurrently with the closing of the Primary Construction Loan.

6.4 City Loans. The City Loan shall be deemed to be a loan for the benefit of (and payable by) Developer and shall be repaid as set forth in the City Promissory Note. Interest shall accrue on the amounts disbursed as set forth in the City Promissory Note. The City Promissory Note shall be secured by the City Deed of Trust. The obligation of Developer to repay the City Loan is set forth in the City Promissory Note. The City Deed of Trust is to be recorded against Developer's interest in the Site (which deed of trust shall be subordinate to liens securing repayment of the Primary Construction Loan and, subsequently, the Primary Permanent Loan). In the event the Site shall have been divided into Portion A and Portion B, the documents pertaining to Portion A will relate only to Portion A and, similarly, the documents pertaining to Portion B will relate only to Portion B. The Initial Financing Plan as well as the Final Financing Plan shall provide for payments to be made to the City under the City Loan (or City Loans, if the Site is divided) from an amount of not less than the Applicable Percentage of Residual Receipts.

6.5 Insurance Requirements. Commencing as of Leasehold Transfer and continuing throughout the Required Covenant Period, and, in addition at all times during which Developer is conducting work on the Site or any portion thereof, including times prior to the Leasehold Transfer, Developer shall maintain at Developer's sole expense, with insurers reasonably approved by City, the following policies of insurance in form and substance reasonably satisfactory to City: (i) at all times commencing with the Leasehold Transfer and continuing throughout the Required Covenant Period, Developer shall provide those coverages described in the Insurance During Lease Term; and (ii) at all times during the period commencing with the Leasehold Transfer and ending as of end of the Required Covenant Period when construction is taking place on the Site, the Developer shall additionally provide those coverages set forth in the Insurance During Construction.

6.6 Obligation to Repair and Restore Damage Due to Casualty. If during the period of construction the Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against and recoverable by insurance proceeds held by such policy(ies) maintained by Developer, Developer shall proceed to obtain insurance proceeds as soon as practicable and take all steps necessary to begin reconstruction and, as soon as practicable upon receipt of insurance proceeds, to commence the repair or replacement of the Improvements to substantially the same condition as the Improvements are required to be constructed pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as practiable thereafter so that the Improvements can be occupied as an affordable housing project in accordance with this Agreement. City acknowledges that the availability of insurance proceeds is subject to rights

of the Investor and the Approved Construction Lender. In no event shall the repair, replacement, or restoration period exceed thirty (30) months from the date Developer obtains insurance proceeds unless the City Manager, in his or her sole and absolute discretion, approves a longer period of time. City shall cooperate with Developer, at no expense to City, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Improvements by giving notice to City (in which event Developer will be entitled to all insurance proceeds after paying to City from such proceeds an amount equal to any assistance expended by City but Developer shall be required to remove all debris from the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by City and the other governmental agency or agencies with jurisdiction, and City may pursue remedies of its choosing under this Agreement, including without limitation termination.

6.7 Indemnity. Developer shall defend (by counsel satisfactory to City), indemnify and save and hold harmless City and their officers, contractors, agents and employees (collectively, the "Indemnitees") from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses (including, without limitation, attorneys' fees and court costs) arising from or relating to: (i) Developer's performance of its obligations under this Agreement; (ii) a claim, demand or cause of action that any person has or asserts against Developer; (iii) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person under Developer's control or under contract with Developer with respect to the Site; or (iv) Developer's ownership, occupancy or use of the Site, including without limitation tenant selection. Notwithstanding the foregoing, Developer shall not be obligated to indemnify the Indemnitees with respect to the consequences of any act of gross negligence or willful misconduct of any of the Indemnitees. Developer's obligations under this Section 6.7 shall survive the issuance of the Certificate of Completion and termination of this Agreement; the requirements under this Section 6.7 are in addition to and do not limit the obligations of Developer under the City Lease.

Developer shall reimburse City immediately upon written demand for all costs reasonably incurred by City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Project Documents and all related matters including the following: (a) City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents. Such reimbursement obligations shall bear interest based upon the amounts and times of disbursement by City, provided that City gives written demand to Developer at the Applicable Interest Rate. Such reimbursement obligations shall survive the issuance of the Certificate of Completion and termination of this Agreement and are in addition to and do not limit the obligations of Developer under the City Lease.

Developer shall indemnify City from any real estate commissions or brokerage fees which may arise from this Agreement or the Site, including without limitation the acquisition of the Site by Developer, or the leasing of dwelling units on the Site.

In addition, and without limitation to the foregoing, Developer agrees to indemnify, defend and hold City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable

attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site caused or contributed to by Developer or which occurs after the Closing, or (ii) the violation, or alleged violation, by Developer or anyone acting by or through Developer, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which is caused or contributed to by Developer or which occurs after the Closing. This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after closing cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of Developer, City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance. Notwithstanding anything contained herein to the contrary, Developer shall not indemnify City for any claims arising from City's gross and active negligence or City's willful misconduct.

6.8 Rights of Access. Prior to the issuance of the Certificate of Completion, for purposes of assuring compliance with this Agreement, representatives of City shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as City representatives comply with all safety rules. City representatives shall, except in emergency situations, notify Developer prior to exercising its rights pursuant to this Section 6.8. In addition, representatives of City shall have access to the Site in connection with the enforcement of laws, including without limitation the City Code to the extent used in connection with the exercise of police powers of City without regard to any limitations otherwise set forth in this Section 6.8.

6.9 Compliance With Laws. Developer shall carry out the design, construction and operation of the Improvements in conformity with all applicable laws, including all applicable state labor standards and federal prevailing wage laws (including without limitation provisions for payment of prevailing wages in connection with all construction of the Improvements to the extent applicable), the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Code, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.* Developer, including but not limited to its contractors and subcontractors, shall comply with Labor Code Section 1720, *et seq.*, and its implementing regulations, regarding the payment of prevailing wages (the "State Prevailing Wage Law") and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and, together with State Prevailing Wage Law, "Prevailing Wage Laws") with regard to the construction of the Improvements, but only if and to the extent such sections are applicable to the development of the Improvements. Developer shall be solely responsible for determining and effectuating compliance with any applicable Prevailing Wage Laws, and City makes no final representation as to the applicability or non-applicability of the Prevailing Wage Laws to the Improvements, or any part thereof. Developer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each of City, and their respective officers, employees,

agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Developer's acts or omissions pertaining to the compliance with the Prevailing Wage Laws for the Improvements.

Without limitation as to Section 6.7 of this Agreement, Developer shall indemnify, protect, defend and hold harmless City and its officers, employees, contractors and agents, with counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction, and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and/or federal prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 6.9, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Improvements by Developer.

6.10 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

6.11 Taxes and Assessments. Subject to Developer's right to contest taxes and assessments as provided in Section 7.2(c) of the City Lease, Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned or leased by Developer, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. Developer shall additionally defend, indemnify, and hold harmless City from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with (a) activities undertaken by Developer or (b) the Site.

6.12 Liens and Stop Notices. Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Improvements Developer shall within thirty (30) days of such recording or service or within five (5) days of City's demand whichever last occurs:

(a) pay and discharge the same; or

(b) affect the release thereof by recording and delivering to City a surety bond in sufficient form and amount, or otherwise; or

(c) provide City with indemnification from the Title Company against such lien or other assurance which City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

6.13 Certificate of Completion. Within fifteen (15) days after receipt of written request by Developer after completion of the Improvements in conformity with this Agreement, City shall furnish Developer with a "Certificate of Completion," substantially in the form of attached hereto. City shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be a conclusive determination of satisfactory completion of the Improvements and the Certificate of Completion shall so state. If City refuses or fails to timely furnish a Certificate of Completion after written request from Developer, the Certificate of Completion shall be deemed to have been issued unless City shall, within fifteen (15) days of receipt of written request therefor, provide Developer with a written statement of the reasons City refused or failed to furnish the Certificate of Completion. The statement shall also contain City's opinion of the actions Developer must take to obtain the Certificate of Completion. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code. If the Site has been divided into Portion A and Portion B, it is contemplated that there would be a separate Certificate of Completion as to each of Portion A and Portion B.

6.14 Further Assurances. Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to City all documents, and take all actions, reasonably required by City from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents or otherwise to carry out the purposes of the Project Documents.

6.15 Financing of the Improvements. Financing shall be provided consistent with the Proof of Financing Commitments.

As required herein and as an City Condition Precedent to the Leasehold Transfer, Developer shall submit to City evidence reasonably satisfactory to the City Manager that Developer has obtained sufficient equity capital or has arranged for and obtained a binding commitment for construction financing which, inclusive of proceeds of the City Loan, is necessary to undertake the development of the Site and the construction of the Improvements in accordance with this Agreement ("Proof of Financing Commitments"). This requirement shall be implemented as follows: on or before the time set forth in the Schedule of Performance for the recording of documents, but not later than thirty (30) days prior to Closing, and prior to taking possession of the Site, Developer shall submit to the City Manager a proposed final financing package (the "Initial Proposed Financing Package") which identifies all funding, including sources, amounts, timing and mechanics for disbursement, sufficient to finance the development of the Improvements in conformity with this Agreement. While the Base Pro Forma sets forth initial financing assumptions, it is mutually acknowledged that Developer may seek additional funding sources and that the actual proposed financing may vary from that described in the Base Pro Forma. Upon receipt of such submittal from Developer of the Initial Proposed Financing Package, the City Manager (and nominees of his choosing for this purpose) will review the Initial Proposed Financing Package and will confer with Developer regarding the Initial Proposed Financing Package. The City Manager may make suggestions and propose modifications or substitutions to the Initial Proposed Financing Package. The parties contemplate that more than one

submittal may be necessary to achieve a submitted financing package that is approved by the City Manager, and that a consultative process shall occur in connection with each such submittal. At such point as the City Manager may determine, in his or her discretion, to approve a proposed financing package, upon approval by the City Manager, such financing package shall be referred to as the "Final Financing Package." Attachments hereto shall be subject to change by the terms of the Final Financing Package. The Initial Financing Package and the Final Financing Package shall include the provisions of Section 10.6(c) of this Agreement.

Each of the Initial Financing Package and the Final Financing Package shall provide for the payment by Developer to City of payments of the Applicable Percentage of Residual Receipts under the City Loan and for a Developer Fee not in excess of the limitation established with respect thereto under the definition of Developer Fee in this Agreement.

In the event the Site has been or will be divided into Portion A and Portion B, the Initial Financing Package shall include separate financing packages for each of Portion A and Portion B, each of which shall be evaluated independently. In order for one Initial Financing Package to be approved, both Initial Financing Packages must be approved.

The parties intend that Developer is to obtain equity financing for the construction and operation of the Development including the use of Tax Credits (in an amount of not less than the Tax Credit Amount) and obtaining capital contributions from limited partners in the Development in consideration primarily for the receipt of the Tax Credits received by Developer with respect to the Development. In the event Developer is unsuccessful in a particular round to obtain a preliminary reservation of Tax Credits of an amount of not less than the Tax Credit Amount, Developer shall inform City of what it considers to be the Required Submittal Modifications with respect to an application for the next round of allocation of Tax Credits; City will review in good faith whether it is appears reasonable to approve the proposed modifications, provided that such modifications shall be consistent with the requirements of this Agreement, including specifically those relating to the senior position of City covenants, and further provided that no extensions of time for the purpose of obtaining of preliminary reservation of tax credits shall be given unless the Developer demonstrates to the reasonable satisfaction of the City Manager the probability of success in obtaining such authorization without material modifications to this Agreement (aside from the extension of time requested). No modification shall assume any infusion of City funds that has not theretofore been authorized by City. If the City is supportable of the Required Submittal Modifications, the Developer will diligently pursue submittal of a tax credit application including the Required Submittal Modifications.

(a) Required Financing Submittals; Submittal of Construction Contract. Such evidence of financing for the Development and readiness to commence construction of the Development shall include all of the following:

(i) An updated pro forma and final development budget for the Development, including the Initial Proposed Financing Package, showing the projected costs of construction of the Development, including all onsite and offsite improvements to be constructed in connection therewith. If the Site has been divided into Portion A and Portion B, separate pro formas and budgets must be prepared as to each Portion.

(ii) A copy of the lender's firm commitment obtained by Developer for the Primary Construction Loan for the Development and, when available, copies of all loan documents evidencing the Primary Construction Loan therefor. The Primary Construction Loan commitments for financing shall be in

such form and content acceptable to City and its financial advisor(s) and its legal advisor(s) and as such reasonably evidences a legally binding, firm and enforceable commitment, subject only to the Lender's customary and normal conditions and terms and subject to the requirements of this Section 6.15. Developer shall provide written certification to City that the loan documents submitted are substantially in the form of the actual loan documents to be executed by Developer concurrently with the Closing. If the Lender requires a subordination agreement between or among Lender, City and/or Developer, concerning the relative priority among deed of trust, City shall review the form of subordination subject to the reasonable review and approval of the City Manager and legal counsel(s), subject to one or more of the conditions set forth in Section 5.4 necessary for the Primary Construction Loan to be a title insured first monetary lien on the Development. If the Site has been or will be divided into Portion A and Portion B, all requirements of Developer or Development shall be deemed to apply to the respective Approved Assignees as to Portion A and Portion B.

(iii) A current certified financial statement of Developer (and all partners and members thereof, except the Investor Limited Partner) and/or other documentation satisfactory to City as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference, if any, between construction and completion costs, and the financing authorized by the Tax Credits, Primary Construction Loan, the City Loan and any additional subsidies, sources of funding, or financing obtained by Developer for the development of the Development. If the Site has been or will be divided into Portion A and Portion B, all requirements of Developer or Development shall be deemed to apply to the respective Approved Assignees as to Portion A and Portion B.

(iv) Copies of the construction contract(s).

City, which may act through its City Manager, shall have the right to approve or disapprove such evidence of financing within fifteen (15) business days of submission by Developer to City of all complete items required by this Section 6.15 or as otherwise reasonably imposed by Developer's financing and such approval or disapproval shall be provided not less than fifteen (15) business days prior to the date scheduled for the Closing (so long as City has had no fewer than thirty (30) days for review of a complete submittal). Failure by City to approve evidence of financing within such time period shall constitute disapproval unless otherwise agreed between City and Developer. In this regard, Developer agrees it shall use best efforts to cause its Primary Construction Lender to timely provide complete drafts of documents for review by City and its legal counsel(s) to perform within such time frames. Approval shall not be unreasonably withheld or conditioned. If City disapproves any such evidence of financing, City shall do so by written notice to Developer stating the reasons for such disapproval and Developer shall promptly obtain and submit to City new evidence of financing within reset but equal time periods. If Developer's submission of new evidence of financing is timely and complete and provides City with adequate time to review such evidence within the times established in this Section 6.15, City shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 6.15 for the approval or disapproval of the evidence of financing as submitted to City initially. The Closing shall be extended as necessary to accommodate the time necessary to obtain the City Manager's approval hereunder.

The evidence of financing shall be deemed to be an ongoing representation by Developer that the sum total of all sources of financing are at least equal to the amount of the approved Project costs as set forth in the Final Development Budget for the Development and that such Final Development Budget conforms to the Tax Credit Applications and the preliminary reservation of Tax Credits, and any and all updates thereto submitted by Developer to TCAC. Once the complete evidence of financing is approved by City, Developer shall promptly notify City in writing of any change in,

additional conditions to, or additional sources of financing, including without limitation, the award of state or federal Tax Credits, and any updates or additional information material or relevant to such financing and/or the Tax Credits. The representations made by Developer with respect to the budgets and costs for the Development and the sources of funding and method of financing for the Development, inclusive of all submittals and information related to the Tax Credits, were and remain the basis used by City to negotiate the financial terms of this Agreement. If the Site has been or will be divided into Portion A and Portion B, all requirements of Developer or Development shall be deemed to apply to the respective Approved Assignees as to Portion A and Portion B.

(b) Tax Credit Equity. The parties intend that Developer will obtain equity financing for the construction and operation of the Development including the use of Tax Credits and obtaining capital contributions from Limited Partners in Developer in consideration primarily for the receipt of the Tax Credits received by Developer with respect to the Development. If the Site has been or will be divided into Portion A and Portion B, all requirements of Developer or Development shall be deemed to apply to the respective Approved Assignees as to Portion A and Portion B as well as by the Developer. In the event a preliminary reservation of Tax Credits is not obtained by Developer by the Tax Credit Deadline, this Agreement shall be subject to termination by City. The following requirements must be satisfied in order for the equity financing for Tax Credit funding for the Development to be approved by City pursuant to this Section 6.15:

(i) Developer understands and agrees that Developer and/or CHW may be required to provide an operating deficit guaranty, tax credit recapture guaranty, and/or other guaranties which may be required with respect to the Limited Partners' investment in the Development. If required for such financing, the execution of such guaranties shall be an additional City Condition Precedent for the purposes of Section 4.1.

(ii) Developer shall submit the following documents as evidence of financing prior to the time set forth in the Schedule of Performance for the recording of documents, but not later than the Closing: (a) a copy of a legally binding, firm and enforceable loan commitment(s) or approval(s) obtained by Developer from unrelated financial institutions for the mortgage loan or loans for financing to fund the construction of the Development, subject to such lenders' reasonable, customary and normal conditions and terms, (b) a limited partnership agreement or funding agreement from the equity investors in the Development which demonstrates that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and a current financial statement of Developer, (c) a copy of a Preliminary Reservation of Tax Credits from the California Tax Credit Allocation Committee for Tax Credits for the construction of the Development, (d) a binding agreement for the purchase of the Tax Credits, and/or (e) other documentation satisfactory to City as evidence of other sources of capital, all of which together are sufficient to demonstrate that Developer has adequate funds to construct and complete the Development.

(iii) The equity investment of the Limited Partners of the limited partnership shall not be less than the approximate prevailing price for 9% Tax Credits and 4% Tax Credits at such time, taking into consideration all relevant factors such as timing of required payments, the amount of the Tax Credits, and the market for tax credits at that time.

(iv) The identity of the limited partners of the limited partnership shall be reasonably acceptable to the City Manager, City financial advisor(s), and legal counsel(s).

(v) City acknowledges that a Lease Rider is contemplated in connection with the award of Tax Credits. City agrees to act reasonably and seasonably in seeking to finalize a form of the Lease Rider.

(c) Required Submissions. Developer shall submit the following documents as evidence of Tax Credit financing:

(i) The Partnership Agreement or equivalent funding commitment letter from the equity investors in the Development which demonstrates that Developer has sufficient funds and committed capital/equity for commencement through completion of construction, and that such funds have been committed to construction of the Development, and a current financial statement of Developer.

(ii) A complete copy of each application for Tax Credits sand supporting documentation submitted to TCAC by Developer, within five (5) days following Developer's submission thereof to TCAC.

(iii) A copy of a preliminary reservation letter from TCAC notifying Developer that an allocation of 9% Tax Credits and 4% Tax Credits for not less than the Tax Credit Amount, has been reserved for construction of the Development, and further documentation demonstrating that Developer remains eligible and qualified to receive such allocation, along with certification that there have not been any material changes to the information provided by Developer in the applications for Tax Credits, as defined and referenced in such reservation letters, and that if there are material changes then such information will be provided to TCAC (and City) forthwith.

(d) Multifamily Conduit Revenue Bond Financing. Developer contemplates that it will include the issuance of multifamily housing bonds be issued in connection with the development of the Site (or a portion thereof) or the operation of the improvements thereon in connection with this Agreement. In the event that multifamily housing bonds are considered in connection with the development of the Site, City being under no obligation to so consider, then, subject to the satisfaction of those requirements set forth in this Section with regard to approval of Proof of Financing Commitment(s), an issue of multifamily conduit revenue bonds ("Bonds") may be considered by City (or a public financing authority of which City is a member {a "City PFA"]) in connection with the financing of the Improvements (or a Portion thereof). Developer agrees and acknowledges that: (i) the consideration of the issuance of Bonds requires approval after a public hearing of City or Authority, apart from the approval of this Agreement, and that there is no assurance that such approval will be given; (ii) an allocation process administered by an agency of the State of California is required in connection with the issuance of Bonds, and Developer and not City would be fully responsible for preparing application with the participation of City, obtaining approval, and complying with conditions imposed as part of such a process; (iii) if Bonds are issued for the Development (or a Portion thereof), City (or a City PFA but no other entity) shall be the issuer; (iv) any bonds issued by City in connection with the Development or a portion thereof would only be a conduit issuance, with no liability of City excepting only the payment of moneys received from Developer (or applicable Approved Assignee) in accordance with the state law pursuant to which the Bonds are issued, and with credit support in the form of a letter of credit, or other form of credit enhancement reasonably acceptable to City, private placement and one of the ten largest banks in California or another lender approved by the City Manager at his or her discretion, with Bond Counsel as defined herein and advisors and/or underwriters acceptable to City; (v) any bonds issued by City (or City PFA) privately placed, or if publicly sold would be rated, if applicable, by one of the two largest rating agencies with one of the three highest investment-grade ratings, and on terms customary and reasonably acceptable to the City Manager; (vi) all costs in connection with the issuance of such bonds, including without limitation costs of issuance, the cost of credit support, ratings, and insurance, shall be borne by Developer directly or as part of the

matters funded by the bonds and City or its designee shall be entitled to an issuer's fee of 1/8 of 1% of the initial principal amount of the Bonds as well as 1/8 of 1% outstanding annually thereafter so long as the bonds are outstanding (or such lesser amount as may hereafter be approved by the City Manager); and (vii) the term of the bond(s) shall not exceed thirty-five (35) years.

(e) Approval of Financing. As required above in this Section, Developer shall submit to City evidence that Developer has obtained sufficient equity capital and/or has arranged for and obtained a binding commitment for construction financing on then commercially reasonable terms necessary to undertake the development of the Site and the construction of the Improvements in accordance with this Agreement ("Proof of Financing Commitments").

City shall reasonably approve or disapprove such evidence of financing within twenty (20) days of receipt of each of the respective submittals, provided that such submittal is complete. Approval shall not be unreasonably withheld so long as the terms and conditions of the financing are consistent with this Agreement, including without limitation the availability of the Tax Credit Amount and the acknowledgment and consent by such lender to City Regulatory Agreement and the City Covenants as senior encumbrances, with the further proviso that if the Tax Credit Amount exceeds the amount set forth therefor on the Base Pro Forma, Developer shall agree that the excess remaining after applying amounts necessary to defray Cost Overrun Amounts theretofore experienced or the Developer Fee (the "Excess Amount") shall be applied first to fund the Operating Reserve and the Capital Replacement Reserve and, to the extent that any surplus remains, to pay the Deferred Developer Fee, then to the extent any surplus remains, to be treated as Gross Revenues under the City Lease; financing terms shall be reasonable and customary. If City shall disapprove any such evidence of financing, City shall do so by Notice to Developer stating the reasons for such disapproval and Developer shall endeavor to promptly obtain and submit to City new evidence of financing. City shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 6.15 for the approval or disapproval of the evidence of financing as initially submitted to City. Developer shall close the approved Tax Credit financing prior to or concurrently with the Closing. In the event the Site has been or will be divided into Portion A and Portion B, the Final Financing Package shall include separate financing packages for each of Portion A and Portion B, each of which shall be evaluated independently. In order for one Final Financing Package to be approved, both Final Financing Packages must be approved.

The Proof of Financing Commitment shall include a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more financial institutions for the mortgage loan or loans for financing to fund the construction and completion of the Improvements.

The parties intend that Developer is to obtain equity financing for the construction and operation of the Development including the use of Tax Credits (in an amount of not less than the Tax Credit Amount) and obtaining capital contributions from limited partners in the Development in consideration primarily for the receipt of the Tax Credits received by Developer with respect to the Development.

In no event shall City be obligated to provide any financial assistance or subsidy to the Development other than as expressly set forth in this Agreement. City shall have no obligation to make any expenditures under this Agreement.

Developer understands and agrees that Developer and/or CHW may be required by third party lenders to provide an operating deficit guaranty, tax credit recapture guaranty, and/or other guaranties which may be required with respect to the limited partners' investment in the Development. If required for such financing, the execution of such guaranties shall be an additional condition precedent for the purposes of Section 4.1.

Developer shall submit the following documents as evidence of financing: (a) a copy of a firm loan commitment(s) or approval(s) obtained by Developer from unrelated financial institutions for the mortgage loan or loans for financing to fund the construction of the Development, subject to such lenders' reasonable, customary and normal conditions and terms, (b) a limited partnership agreement or funding agreement from the equity investors in the Development which demonstrates that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and a current financial statement of Developer and Developer's other sources of equity capital, (c) a copy of a preliminary reservation of Tax Credits (and when available, the final reservation of Tax Credits) from the California Tax Credit Allocation Committee for Tax Credits for the construction of the Development (or other evidence satisfactory to the City Manager that Tax Credits will be available), (d) a binding agreement for the purchase of the Tax Credits, and (e) such other documentation as may be reasonably necessary to satisfy City as to the availability, commitment and adequacy of other sources of capital, all of which together are sufficient to demonstrate that Developer has adequate funds committed for the construction and completion of the Development.

Mortgages, deeds of trust and subleases and subleases back on Developer's (or Approved Assignee's) leasehold (but not as to the underlying fee) shall be permitted before the completion of the Improvements only with City's prior written approval, but only for the purpose of securing loans of funds to be used for financing the construction of the Improvements (including architecture, engineering, legal, construction period carrying costs such as property taxes, insurance and interest, and related direct costs as well as indirect costs) on or in connection with the Site, and the obtaining of a permanent loan in the amount of the outstanding balance of the construction loan. In no event, however, shall the amount or amounts of indebtedness secured by mortgages or deeds of trust on Developer's leasehold interest as to the Site exceed the projected Developer's cost, as evidenced by a pro forma and a construction contract which have been approved by the City Manager in accordance with this Agreement and which set forth such costs, unless the written approval of the City Manager is first obtained. Developer shall notify City in advance of any mortgage, deed of trust or sublease and sublease back financing, if Developer proposes to enter into the same before completion of the construction of the Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sublease and sublease back. No liens shall be permitted on City's fee interest in the Site.

6.16 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust on Developer's leasehold interest authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct, complete, or operate the Improvements or any portion thereof, or to guarantee such construction, completion or operation; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

6.17 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as to its leasehold interest as provided herein,

whenever City may deliver any notice or demand to Developer with respect to any breach or default by Developer under this Agreement, City shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand; provided that the failure to notify any holder of record shall not vitiate or affect the effectiveness of notice to Developer. Each such holder shall (insofar as the rights granted by City are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, or such longer time as expressly provided for a cure under this Agreement, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage or deed of trust. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Developer's obligations to City by written agreement reasonably satisfactory to City. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, but on a schedule which takes into account the time reasonably required for the holder to obtain title to and possession of Developer's leasehold interest in the Site, analyze and negotiate amendments to plans, specifications, construction contracts and operating contracts or to negotiate new construction contracts and operating contracts. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 6.13 of this Agreement, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of Developer's leasehold interest in the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default. The City Manager is authorized to consent, on behalf of City, to the provision of similar cure rights to the limited partner as reasonably requested by the tax credit investor.

6.18 Failure of Holder to Complete Improvements. In any case where, sixty (60) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site (or leasehold interest therein) or any part thereof receives a notice from City of a default by Developer in completion of construction of any of the Improvements under this Agreement, and such holder is not vested with ownership of Developer's leasehold interest in the Site and has not exercised the option to construct as set forth in Section 6.17, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, in addition to such other rights and remedies as City shall have, City may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site (or Developer's leasehold interest therein) or any part thereof has vested in the holder, City, if it so desires, shall be entitled to a conveyance from the holder to City upon payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any, incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

(d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued at the rate(s) specified in the holder's loan documents on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by City; and

(f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by Developer.

The foregoing rights shall supplement and not limit City's rights as landlord under the City Lease or by operation of law.

6.19 Right of City to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by Developer whether prior to or after the completion of the construction of any of the Improvements or any part thereof (continuing until the expiration of the term of the City Lease), Developer shall immediately deliver to City a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, City shall have the right but no obligation to cure the default. In such event, City shall be entitled to reimbursement from Developer of all proper costs and expenses incurred by City in curing such default.

Developer agrees to provide documentation evidencing the relinquishment of any and all rights to the Development and under the City Lease in such event; provided that the failure to provide such documentation shall not be construed to mean that Developer retains any rights under the Agreement or the City Lease.

6.20 Mechanics of Disbursement of the City Loan Amount. Provided that the City Conditions Precedent have first been satisfied, City shall make available moneys from the City Loan Amount as follows: (i) first, moneys will be disbursed to City to defray City Fees (provided that such disbursements shall not be conclusive as to the total amount of fees payable to City in connection with the Improvements), then (ii) moneys will be disbursed to Developer as progress payments based upon the percentage of completion of construction of the Improvements as determined by the City Manager or his or her designee upon consultation with Developer. The further conditions and protocol for payment of the City Loan Amount shall be as follows:

(a) City shall have no obligation to disburse any portion of the City Loan Amount unless and until all of the City Conditions Precedent are first satisfied (as to all of the Site, including Portion A and Portion B).

(b) City shall not have provided any assistance or other payment pursuant to this Agreement with respect to the acquisition of the Site and conduct of grubbing and remediation thereon (the "Preliminary Site Work"). Developer assumes all responsibility for any and all costs for the Preliminary Site Work. A portion of those amounts disbursed by City as the City Loan Amount may be applied to defray the cost of the Preliminary Site Work or to reimburse Developer for moneys of the Developer (whether equity or debt) which were theretofore applied for such purpose.

(c) Protocol for Disbursement of the City Loan Amount: Based upon its approval of the Final Financing Plan(s), the City intends to allocate as between Portion A and Portion B the City Loan Amount if the Site is divided in Portion A and Portion B. Thereafter, City shall make available with

respect to the applicable Portion the allocable amount of the City Loan Amount in installments based upon the progress toward completion of the construction of the Improvements on the applicable Portion (namely, Portion A as to the amount of the City Loan allocated by City in its approval of Final Financing Plans to Portion A, with the same protocol to apply with respect to Portion B) with such moneys to be infused ratably with moneys from the Primary Construction Loan, as determined in good faith by the City Manager; provided that amounts to reimburse Developer for Allowable Closing Costs theretofore paid by Developer may be made concurrent with the initial release of moneys from the Primary Construction Loan. Prior to each disbursement of any portion of the City Loan Amount, Developer shall submit to City an "Application for Disbursement" which shall include:

A written, itemized statement, signed by a representative of Developer which sets forth: (i) a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested; and (ii) the total amount incurred, expended and/or due for the requested disbursement. All moneys applied for and disbursed pursuant to this Section 6.20 shall be applied only for Allowable Closing Costs, the costs of fees and permits, or construction and the statement(s) by the representative of Developer shall so affirm. Disbursements may be used only to defray the cost of the Preliminary Site Work, and only where such work is performed by (and disbursements are made to) third parties not related or connected to Developer. The City Manager shall have the right to review, approve or disapprove the necessity or reasonableness of work undertaken and the costs incurred therefor.

Copies of billing invoices, statements, receipts and other documents evidencing the total amount expended, incurred or due for any requested disbursement.

Mechanics lien waivers from the Developer's general contractor including: (i) a Conditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(1)) for itself and each contractor covered by such Request Payment, (ii) an Unconditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(2)) for itself and each of its contractors covering the full amount of all previous payments made to Developer, and (iii) an Unconditional Waiver and Release Upon Final Payment (California Civil Code Section 3262(d)(4)) for its contractors who have competed their work and for whom Developer has received full payment.

A statement that the percentage and/or stage of construction corresponding to the Application for Disbursement has been substantially completed and substantially conforms to the Plans.

Subject to satisfaction of the requirements of this Section 6.20, City will endeavor to make payments within ten (10) days after the submittals required pursuant to this Section 6.20 are accomplished, review by the City Manager is completed, and the City Manager has had a reasonable opportunity to review the stage of completion. After the approval of this Agreement by City, further approval by the governing board of City shall not be required to authorize the disbursement of moneys pursuant to this Section 6.20.

Notwithstanding the foregoing portion of this Section 6.20, if construction draws from a construction loan for the Improvements are being administered by an Approved Construction and/or Permanent Lender or a major institutional lender having a rating of AA or better as reasonably approved by City, City will consent to such lender acting as a disbursing agent for City provided that such lender agrees by an agreement to which City and such lender are parties to disburse moneys consistent with this Section 6.20, with moneys to be distributed based upon the percentage that (i) City Loan Amount bears to (ii) the sum of (a) the City Loan Amount and (b) the amount of the construction

loan being made by such lender, utilizing the disbursement process customarily employed by such lender. Interest earned on the City moneys as so placed with the construction lender shall be maintained in an insured or rated (at investment grade of AA or better), interest-bearing account, with interest to be applied to defray project costs payable to unrelated third parties. The City Manager is authorized to enter into such agreement(s) as may be necessary or convenient to implement this Section 6.20.

6.21 Cost Savings Obligation; Excess Tax Credits Obligation. Developer hereby agrees to apply Cost Savings in connection with the Development in an amount to be determined based on the Audit to be conducted upon completion of construction for the Development (unless sooner applied to fund the Operating Reserve and the Capital Replacement Reserve, or as otherwise hereafter agreed by the City Manager acting at his or her discretion). Disbursement of the Cost Savings is to be made at the time set forth therefor in Section 6.21.1, below. If the Site is divided into Portion A and Portion B, the Cost Savings shall be separately determined as to each Portion (without regard to whether there are savings, no savings, or cost overruns as to the other Portion). It is acknowledged that Developer may, as part of the proposed Final Financing Plan, propose a somewhat different allocation of Cost Savings based upon the facts and circumstances as they appear at that time.

The actual amount of "Cost Savings" (as defined below) is to be disbursed upon an Audit, as hereafter defined and described. Within one hundred eighty (180) days following the completion of construction of the Development (as determined for the corresponding Portion), as evidenced by issuance of the final certificate of occupancy by City's building official, Developer shall cause its certified public accountant(s) to perform a draft cost certification of the costs of the Development in accordance with the requirements of the Tax Credits, and generally accepted accounting procedures (GAAP) and generally accepted auditing standards (herein, referred to as "Audit"). If the Audit determines that the total sources of permanent financing for the Development of the relevant Portion (including long-term permanent debt and equity) exceed the total development cost for the Development of the relevant Portion (including, without limitation, all hard and soft costs and all onsite and offsite improvements required in connection with the development of the Development of the relevant Portion, including the Developer Fee allocable to such Portion), such excess shall be considered the "Cost Savings" for the Development. The Cost Savings less satisfaction of Cost Overrun Amounts, if any, and any unsatisfied portion of the Developer Fee, if any, shall constitute the "Shared Cost Savings."

The Shared Cost Savings, once determined by the Audit pursuant to Section 6.21 with respect to a particular Portion, shall be due and shall be applied by Developer (or the Approved Assignee as to such Portion) toward the Operating Reserve and the Capital Replacement Reserve, with any excess to be treated as Gross Revenues for purposes of the City Lease and the City Loan.

Unless sooner disbursed pursuant to the foregoing portion of this Section 6.21, the Shared Cost Savings shall be applied by Developer as required by Section 6.21.1 upon conversion to permanent loan and completion of construction, concurrent with the closing of the Primary Permanent Loan or, if earlier, at such time as Developer receives its final Tax Credit equity payment for the Development.

7. COVENANTS AND RESTRICTIONS

7.1 Use Covenants. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that Developer shall devote the Site to the uses

specified in and shall operate in conformity with this Agreement, the City Covenants, the City Regulatory Agreement, and the City Lease, whichever is the more restrictive in each case unless expressly provided to contrary effect herein. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to this Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the City Code.

7.2 Affordable Housing Requirements.

Developer agrees to make available, restrict occupancy to, and rent all of the Required Affordable Units at Affordable Rent. There shall be one hundred ten (110)) multifamily rental units developed on the Site of which one hundred nine (109) shall be Required Affordable Units, with affordability for those units to be provided in conformity with the Prescribed Income Levels and Affordable Rents. The remaining one (1) Unit shall be developed and maintained on the Site as an on-site manager's unit. The restriction of Units in addition to the Required Affordable Units at limited rent levels, in connection with requirements for tax credits, shall not be deemed to constitute a violation of this Agreement. An example of the calculation of Affordable Rent for the Units is attached hereto as Attachment No. 7 and incorporated herein. In the event TCAC imposes greater affordability requirements, this Agreement and the attachments hereto will be conformed to meet such requirements.

The Required Affordable Units shall be maintained as rental units available at and rented to Extremely Low Income Households, and Lower Income Households throughout the Required Covenant Period, as more particularly set forth in each of the City Covenants and the City Regulatory Agreement. It is mutually intended by the parties to this Agreement that the Site will be maintained at the income and affordability levels set forth for the Base Period; however, in the event it is demonstrated to the reasonable satisfaction of the City Manager that in order to obtain financing for the Project that the income levels may rise one level (e.g., from Extremely Low Income to Very Low Income, but not increased above Low Income in any event) with rents rising accordingly, City will implement such increases as demonstrated to be necessary for the Extension Period.

Prior to the issuance of the Certificate of Completion for the Improvements, Developer shall prepare and submit to the City Manager a plan concerning the marketing to and selection of tenants ("Tenant Selection and Tenant Services Plan"). The Tenant Selection and Tenant Services Plan shall also describe in detail the services to be provided by Developer to residents, and shall delineate the compensation to be paid for an on-side tenant services administrator to be engaged by the Developer. Developer shall submit to the City Manager within ninety (90) days after the Date of Agreement a draft Tenant Selection and Tenant Services Plan. Upon receipt of such draft Tenant Selection and Tenant Services Plan, the City Manager may approve, conditionally approve or disapprove the draft Tenant Selection and Tenant Services Plan within sixty (60) days after receipt thereof. If the City Manager disapproves or conditionally approves the draft Tenant Selection and Tenant Services Plan, the parties agree to confer with the goal that Developer will revise the draft Tenant Selection and Tenant Services Plan to address, to the extent feasible, concerns raised by the City Manager. If the City Manager fails to approve or disapprove the draft Tenant Selection and Tenant Services Plan by the time set forth therefor in the preceding portion of this Section 7.2.3, City will be estopped to deny the effectiveness of the draft Tenant Selection and Tenant Services Plan as previously approved as the Final Tenant Selection and Tenant Services Plan. Developer shall be responsible for the selection of tenants for the Required Affordable Units in compliance with the criteria set forth in Section 7.3 of this Agreement and the City Lease.

Each tenant shall be an Extremely Low Income Household or, to the extent provided herein a Lower Income Household which, in accordance with the Prescribed Income Levels, meets the eligibility requirements established for the corresponding Required Affordable Unit, and Developer shall obtain a certification from each tenant renting or leasing each housing unit which substantiates such fact. Developer shall verify the income certification of each tenant as set forth in Section 7.3 hereof. Prior to the rental or lease of any Unit on the Site to a tenant, and annually thereafter, Developer shall submit to City or its designee, at Developer's expense, a completed income computation and certification form, in a form to be provided by City.

Each Required Affordable Unit shall be rented at an "Affordable Rent" to be established as follows: The maximum monthly rental amount for the Required Affordable Units, shall be:

(i) for Extremely Low Income Households, at one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income for the Area for a household of a size appropriate to the housing unit, or, if lower, the maximum rent for such unit as determined under the City Regulatory Agreement;

(ii) the maximum monthly rental amount for the Required Affordable Units to be rented to Lower Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of fifty-nine percent (59%) of Median Income for the Area for a household of a size appropriate to the housing unit, or, if lower, the maximum rent for such unit as determined under the Regulatory Agreement; or

Affordable Rents shall be subject to annual adjustment based upon the promulgation of figures published concerning Median Income for the Area and income limits as annually published by the California Department of Housing and Community Development ("HCD"); actual rents charged may be less than the maximum amounts determined pursuant to the formulas set forth in the preceding portion of this Section 7.2.5.

"Household size appropriate to the unit," for the purpose of the calculation of rent herein (and without regard to actual occupancy), means an amount equal to the number of bedrooms in the unit plus one (i.e., for a two-bedroom unit, 3 people; for a three-bedroom unit, four people); provided that the maximum monthly rental amount of the Required Affordable Units shall be adjusted annually by the formula set forth above upon the promulgation of revised figures concerning Median Income for the Area by regulation of the California Department of Housing and Community Development ("HCD"). Actual rent charged may be less than such maximum rent.

In the event Developer is required, as a condition of funding imposed by entities other than City, to cause a greater number of Units to be restricted by rent and/or income qualifications, the attachments to this Agreement will be modified to reflect such greater number of Units limited to rental at Affordable Rent to households of the corresponding income lived as determined in accordance with the Calculation of Affordable Rents.

7.3 Verifications.

Developer shall verify the income of each proposed and existing tenant of the Required Affordable Units and all other Units developed on the Site.

Following the issuance of the Certificate of Completion, and on or before July 15 of each Lease Year commencing after completion of the Improvements, Developer, at its expense, shall submit to City or its designee the reports in the manner described by Health and Safety Code Section 33418,

as the same may be amended from time to time, with each such report to be in the form prescribed by City. Each annual report shall cover the immediately preceding Lease Year.

Developer shall maintain on file each tenant's executed lease and Income Verification and rental records for all Required Affordable Units developed on the Site. Developer shall maintain complete and accurate records pertaining to the Required Affordable Units and will permit any duly authorized representative of City to inspect the books and records of Developer pertaining to this Agreement and the Required Affordable Units upon reasonable advance notice of not less than twenty four (24) hours and during normal business hours. Developer shall prepare and submit to City (or its designee) annually commencing July 15 following the completion of the Improvements and continuing throughout the Required Covenant Period, a Certificate of Continuing Program Compliance. Such documentation shall state for each Required Affordable Unit the unit size, the rental amount, the number of occupants, and the income of the occupants and any other information which may be used to determine compliance with the terms of this Agreement.

As part of its annual report, Developer shall include a statement of amounts payable by Developer under this Agreement (including the City Lease) supported by an Audited Financial Statement (prepared by an independent accounting firm reasonable acceptable to City) which sets forth information in detail sufficient for adequate review by City for the purposes of confirming those amounts payable by Developer to City as well as showing the general financial performance of the Affordable Housing Project ("Annual Financial Report"). Each Annual Financial Report shall include a profit and loss statement showing Gross Revenues, Operating Expenses, Debt Service, Operating Reserve, Capital Replacement Reserve and Rental Receipts, payments of fees and any other remuneration to Developer all certified by the Audited Financial Statement. In the event the amounts reported or paid deviate by five percent (5%) or more from that amount determined to be owing upon review of Developer's submittal, Developer shall reimburse City for its cost to review (which may require engagement of auditors) and collect the amounts owing; such amounts shall, until paid, be added to the amounts payable as Additional Rent under the City Lease during the first succeeding Lease Year. Developer agrees to maintain records in businesslike manner, and to maintain such records for the Term of the City Lease. The income and rent restrictions provided for hereunder are intended and shall be maintained in a manner sufficient to satisfy the requirements of Health and Safety Code Section 33413(b) without regard to whether such statute is applicable as a matter of law.

In addition, as part of its annual report and at City's request, but not less frequently than prior to each initial and subsequent rental of each Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to City completed income computation, asset evaluation, and certification forms, for any such tenant or tenants, in substantially the form provided by City from time to time. Developer shall obtain an annual certification from each household of each Unit demonstrating that such household is an Extremely Low Income Household or a Low Income Household, as applicable, and meets the eligibility requirements established for each such Unit. Developer shall verify the income certification of each tenant household. In order to comply with this Section 7.3.2, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation required to be submitted to TCAC pursuant to the Tax Credit Rules and the Tax Credit Regulatory Agreement for the Project; provided, City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the requirements applicable to funding sources not without to City, as applicable. This requirement is in addition to and does not replace or supersede Developer's obligation

to annually submit the Certificate of Continuing Program Compliance to City. Further, City has the right, but not the obligation to monitor compliance with respect to each tenant household at the Project, and City's election to monitor some, but not all, of the Units shall not constitute a waiver of City's right to monitor and enforce compliance with respect to all Units in the future.

Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code Regs. Section 6914 or as required by the Tax Credit Rules. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) Developer shall verify the income of each proposed tenant of the Project and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods;

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed;

(iii) obtain an income verification certification from the employer of the person;

(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies; or

(v) obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Developer.

(b) Verification Regarding Eligibility of New Tenants. Developer shall retain documentation regarding the eligibility of each new tenant household.

7.4 [Reserved].

7.5 Maintenance of Site. Developer agrees for itself and its successors in interest to the Site, to maintain the improvements on the Site in conformity with the City Code and the conditions set forth in the City Covenants and the City Regulatory Agreement, and shall keep the Site free from any accumulation of debris or waste materials. During such period, Developer shall also maintain the landscaping planted on the Site in a healthy condition.

7.6 Nondiscrimination Covenants. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or

contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

7.7 Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether City has been, remains or is an owner of any land or interest therein in the Site or in the Project Area of the Redevelopment Plan. City shall have the right, if the Agreement or any covenants in any agreement pursuant to this Agreement, including without limitation the City Regulatory Agreement and the City Lease, are breached, to exercise all rights and remedies, and to maintain any actions or

suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and such covenants may be entitled.

8. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES.

As a material inducement to City to enter into this Agreement, and in addition to the representations and warranties in Section 1.5.2, Developer represents and warrants to City that:

8.1 Formation, Qualification and Compliance. Developer (a) is a California nonprofit public benefit corporation validly existing and in good standing under the laws of the State of California; (b) has all requisite and the authority to conduct its business and own, purchase, improve and sell its properties. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business; (c) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement; (d) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of Developer to carry out its obligations hereunder; (e) There are no material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by Developer to City in this Agreement which could materially adversely affect the ability of Developer to carry out its obligations hereunder; and (f) There is no action or proceeding pending or, to Developer's best knowledge, threatened, looking toward the dissolution or liquidation of Developer and there is no action or proceeding pending or, to Developer's best knowledge, threatened by or against Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive, shall be deemed to be an ongoing representation and warranty. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive.

8.2 Execution and Performance of Project Documents. Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

8.3 Covenant Not to Transfer Except in Conformity. Excepting for the rental of individual dwelling units to occupants in the regular course of business (which rental activity shall not be limited by this Section 8.3), or the sale of a partnership interest to generate proceeds in consideration of the Tax Credits, Developer shall not sell, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless Developer has first obtained the prior written consent of the City Manager, which consent may be granted or refused in the City Manager's sole and absolute discretion; except in the event the Site is divided into Portion A and Portion B, City shall upon receipt of written request therefor consent to a sale by the relevant Approved Assignee of its interest in the Development to CHW or an affiliated nonprofit public benefit corporation confirmed by the City Manager after the

expiration of the tax credit compliance period. In addition, Developer's limited partner and any successor thereto, may, without the prior consent of City and except as set forth in the senior permitted liens, sell, transfer, assign, pledge, hypothecate, and encumber some or all of its partnership interests in Developer and the same shall not be a violation of this Agreement. Moreover, Developer's or an Approved Assignee's Limited Partner and any successor thereto, shall have the right, without the prior consent of City and except as set for in the senior permitted liens, to remove any or all of Developer's general partners for cause as permitted under Developer's or Approved Assignee's limited partnership agreement and replace any or all removed general partners with a person or entity determined in the Limited Partner's sole discretion. Any sale, lease, transfer or conveyance without such consent shall, at City's option, be void. A change in ownership of Developer or an Approved Assignee resulting in the individuals executing this Agreement on behalf of Developer retaining less than fifty-one percent (51%) ownership of all outstanding shares of Developer shall be deemed to violate this Section 8.3. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon Developer's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion of all of the Improvements, and the marketing and rental of the Required Affordable Units to Extremely Low Income Households and Low Income Households to afford the community a long-term, quality affordable housing resource.

9. DEFAULTS, REMEDIES, AND TERMINATION.

9.1 Default Remedies. Subject to the extensions of time, if any, pursuant to Section 9.10 of this Agreement, failure by any party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" or "Event of Default" under this Agreement. A party claiming a Default shall give written notice of Default to the other parties specifying the Default. Except as otherwise expressly provided in this Agreement, and without limiting or affecting rights of parties hereto to terminate this Agreement, the claimant shall not institute any proceedings against any other party, and the other parties shall not be in Default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy the specified Default and shall complete such cure, correction or remedy with diligence.

9.2 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement; provided, that City shall have no right, in any event, to impose a lien for monetary damages against the Site or on any improvements erected from time-to-time on the Site. Such legal actions must be instituted in the Superior Court of the County of Placer, State of California.

9.3 Termination by Developer. In the event that as of the time described below (and if no time is described below, the time established therefor in the Schedule of Performance):

(a) by the time set forth therefor in the Schedule of Performance for the Leasehold Transfer, Developer is not in default under this Agreement and City does not execute the City Lease and effect the Leasehold Transfer to Developer in the manner and condition and by the date provided in this Agreement; or

(b) on or before March 2, 2023, the Developer informs City that the condition of the Site is not suitable for the proposed Development; or

(c) in the event of any Default of City prior to the Leasehold Transfer which is not cured within the time set forth in Section 7.1 hereof; or

(d) the failure to occur of one or more of the Developer Conditions Precedent; and

any such failure is not cured within the applicable time period after written demand by Developer, then this Agreement may, at the option of Developer, be terminated by Notice thereof to City; provided that Developer shall have delivered to City the documents required to be delivered to City pursuant to Section 6.15 of this Agreement. From the date of the Notice of termination of this Agreement by Developer to City and thereafter, this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties.

9.4 Termination by City. If prior to the time established in the Schedule of Performance for the satisfaction of the City's Conditions Precedent:

(a) Developer (or any successor in interest) assigns this Agreement or any rights therein or in the Site in violation of this Agreement; or

(b) One of more of the City Conditions Precedent is not satisfied; or

(c) Developer fails to execute (as lessee/covenantee) one or more of the City Promissory Note, the City Deed of Trust, the City Regulatory Agreement, the City Lease or the Memorandum of Lease; or

(d) On or before March 2, 2023, City has not received from Developer a writing confirming that the condition of the Site is suitable for the proposed Development; or

(e) After March 2, 2023, Developer informs City that the condition of the Site is not suitable for the proposed Development; or

(f) Developer is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 7.1 hereof;

then this Agreement and any rights of Developer or any assignee or transferee with respect to or arising out of the Agreement or the Site (including without limitation all attachments to this Agreement), shall, at the option of City, be terminated by City by Notice thereof to Developer. From the date of the Notice of termination of this Agreement by City to Developer and thereafter this Agreement (including without limitations all attachments hereto) shall be deemed terminated and there shall be no further rights or obligations among the parties, except that City may pursue any remedies it has hereunder.

9.5 Acceptance of Service of Process. In the event that any legal action is commenced against City, service of process on City shall be made by personal service upon the City Manager or in such other manner as may be provided by law. In the event that any legal action is commenced against City, service of process on City shall be made by personal service upon the City Manager or in such other manner as may be provided by law. In the event that any legal action is commenced against Developer, service of process on Developer shall be made in such manner as may be provided by law and shall be effective whether served inside or outside of California.

9.6 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by a party of one or

more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

9.7 Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

9.8 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

9.9 Covenant Provisions; Certain Amendments. In the event, as a result of the provision of other financing in connection with the Development, the parties will review and, if appropriate amend covenant and reporting provisions hereof to encompass such other Units as may be regulated by virtue of such other funding. In the event Developer is required by virtue of such other financing to restrict the affordability of Units in a manner more restrictive than as set forth under the form of City Regulatory Agreement then, from time to time upon receipt of request therefor from the City Manager, Developer agrees to consent to modifications to incorporate such greater restrictions into each of the City Covenants and the City Regulatory Agreement; such request(s) by the City Manager can be made at any time(s) during the Required Covenant Period without regard to whether the City Regulatory Agreement have been recorded.

9.10 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; riots; floods; earthquakes; pandemics; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another party, or acts or failures to act of City or any other public or governmental agency or entity (excepting that acts or failures to act of City shall not excuse performance by City). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer. This Section 9.10 shall not be deemed applicable to the City Lease unless expressly incorporated by reference therein. Notwithstanding the foregoing, the following shall not constitute a basis for enforced delay: the failure of Developer to obtain financing commitments sufficient for the development of the Site in conformity with this Agreement; the failure to obtain approval of a tentative map or parcel map reasonably acceptable to Developer.

In addition to the foregoing (and without regard to the preceding portion of this Section 9.10), the City Manager shall have the authority, at his or her discretion, to approve extensions on behalf of City to approve extensions of time not to exceed a cumulative total of three hundred sixty-five (365) days.

9.11 Transfers of Interest in Agreement or of Site. Except as otherwise set forth in Section 8.3 hereof, Section 9.11, and all subsections of this Section 9.11, shall apply to transfers prior to the Leasehold Transfer. Any transfers occurring or proposed after the Leasehold Transfer are subject to the provisions therefor of the City Regulatory Agreement. In the event of conflict between the

provisions of this Section 9.11 and the City Lease (concerning transfers of interest), the City Lease shall control.

The qualifications and identity of Developer are of particular concern to City. It is because of those qualifications and identity that City has entered into this Agreement with Developer. For the period commencing upon the date of this Agreement and until the end of the Required Covenant Period, except as otherwise set forth in Section 8.3 hereof, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement, nor shall Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Development thereon (excepting the rental Lease of Units to Occupants) without prior written approval of City, except as expressly set forth herein.

In the event of a proposed assignment by Developer under subparagraphs 9.11.2 through 9.11.3, inclusive, Developer agrees that at least thirty (30) days prior to such assignment it shall give written notice to City including a request for approval of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the Obligations of this Agreement. In addition, no consent of City shall be required in connection with the transfer of Developer's leasehold interest in the Site that occurs by foreclosure or deed in lieu of foreclosure of any Permitted Senior Lien to respective holder thereof or to their nominees or assignees exclusive of Developer and CHW. The provisions of this Section 9.11 shall be limited by those transfers permitted in Section 8.3.

(a) Any transfers to an entity or entities in which Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities or relating to the syndication of Tax Credits or after the Tax Credit period, the removal of the Tax Credit investor.

(b) The conveyance or dedication of any portion of the Site to City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Development.

In the event of a proposed assignment by Developer under subparagraphs (a) and (b) of this Section 9.11.2, inclusive, Developer agrees that at least thirty (30) days prior to such assignment it shall give written notice to City including a request for approval of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the Obligations of this Agreement. In addition, no consent of City shall be required in connection with the transfer of Developer's leasehold interest in the Site that occurs by foreclosure or deed in lieu of foreclosure of any Permitted Senior Lien to respective holder thereof or to their nominees or assignees exclusive of Developer and CHW.

City agrees that it will consider in good faith a request made pursuant to this Section 9.11 after the achievement of occupancy of ninety percent (90%) or more of the Units in conformity with this Agreement following the issuance by City of a Certificate of Completion for the last building to be constructed as part of the Improvements, provided Developer delivers written notice to City requesting such approval, the City Covenants and the City Regulatory Agreement remain in full force and effect. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, its financial commitments and resources, and the financial terms of such assignment (including the consideration proposed to flow to Developer or Related Entity and/or any of the Principals) in sufficient detail to enable City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 9.11, and as reasonably determined by City. Notwithstanding the foregoing, neither the transfer of limited

partnership interests to tax credit investors (or subsequent transfers of limited partnership interests) nor the removal and replacement of Developer's general partner in accordance with Section 8.3 shall entitle City to receive compensation (in connection with such transfer). City shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience in the operation of facilities similar to the Development, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 9.11 applies, which City reasonably determines does not possess sufficient qualifications. An assignment and assumption agreement in form satisfactory to City's legal counsel shall also be required for all proposed assignments. Developer agrees and acknowledges that in connection with any such assignment approved by City pursuant to this Agreement, Developer shall remain liable for performance pursuant to this Agreement for a period of five (5) Years following such assignment; provided that the five-Year limitation shall not apply (and the ongoing liability of Developer shall not be thereby limited) in connection with the transfer of limited partnership interests to tax credit investors. Within thirty (30) days after the receipt of Developer's written notice requesting approval of an assignment or transfer pursuant to this Section 9.11, including assignments that do not require City/City City Manager approval, City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to City such further information as may be reasonably requested. In addition, City will not unreasonably withhold its approval of a transfer made at the conclusion of the tax credit period to Developer and affiliates upon the removal of the tax credit investor, so long as there are no defaults under this Agreement and the transferee agrees to be bound by all executory provisions of this Agreement.

Notwithstanding the foregoing portion of this Section 9.11.3, Section 8.3 shall be enforceable in accordance with its terms.

All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors arid assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

9.12 Non-Liability of Officials and Employees of City. No member, official, officer or employee of City shall be personally liable to Developer, or any successor in interest, in the event of any Default or breach by City or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement.

9.13 Relationship Between City and Developer. It is hereby acknowledged that the relationship between City and Developer is not that of a partnership or joint venture and that City and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this Agreement, including the Attachments hereto, City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Development so long as such rights are held by Developer under this Agreement.

9.14 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager is authorized to act on behalf of City unless specifically provided otherwise or the law otherwise requires. When a reference is made herein to an action or approval to be undertaken by City, the City Manager is authorized to act on behalf of City unless specifically provided otherwise or the law otherwise requires.

9.15 Real Estate Brokers. City and Developer each represent and warrant to each other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction, and each agrees to defend and hold harmless the other from any claim to any such commission or fee resulting from any action on its part.

9.16 Attorneys' Fees. In any action among the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

9.17 Non-recourse Liability of Developer. Notwithstanding anything to the contrary in this Agreement or any other Project Document, neither Developer nor any of its partners shall be personally liable for any default, loss, claim, damage, expense or liability to any person and the sole remedy against Developer hereunder shall be limited to its interest in the Development, excepting that Developer will be responsible for those liabilities of Developer referenced in Section 6.7.

10. MISCELLANEOUS

10.1 Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of City to Developer, or any other claim by Developer against City, in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under this Agreement (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

10.2 Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by any party to the others (each, a "Notice") shall be in writing and shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

If to Developer:	Community HousingWorks 3111 Camino del Rio North, Suite 800 San Diego, CA 92108 Attn: Sean Spear Telephone: (619) 282-6647
with a copy to:	(which copy shall not constitute notice to Developer)
	[to come: contact information for tax credit investor(s)]
and a copy to:	(which copy shall not constitute notice to Developer)
	Gubb & Barshay LLP 235 Montgomery Street, Suite 1110 San Francisco, CA 94104 Attention: Nicole Kline

If to City: City of Rocklin
3970 Rocklin Road
Rocklin, CA 95677
Attn: City Manager

If to City: City of Rocklin
3970 Rocklin Road
Rocklin, California 95677
Attention: City Manager

and a copy to each of: (which copies shall not constitute notice to City)

Office of City Attorney
3970 Rocklin Road
Rocklin, CA 95677
Attention: City Attorney

Robbins & Holdaway
Attention: Mark J. Huebsch
201 F Street 660
Ontario, CA 91762

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

10.3 Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the Leasehold Transfer and the rental of the Required Affordable Units and have been or will be relied on by City notwithstanding any investigation made by City.

10.4 No Third Parties Benefited Except for City; AB 987. This Agreement is made for the purpose of setting forth rights and obligations of Developer and City, and no other person (except for City) shall have any rights hereunder or by reason hereof. Except for City, which shall be deemed to be a third party beneficiary of this Agreement (including without limitation the Attachments hereto), there shall be no third party beneficiaries of this Agreement. Developer acknowledges that, notwithstanding the foregoing portion of this Section 10.4, pursuant to AB 987 and the amendments to Health and Safety Code Section 33334.3 made effective as of January 1, 2008 by that bill, it is possible that violations of the covenants, conditions and restrictions relating to affordable housing contained in the City Regulatory Agreement may now be enforceable not only by City, but also by each of the persons and/or entities listed in Section 33334.3(f)(7) of the Health and Safety Code, specifically (1) residents of affordable units subject to covenants recorded pursuant to Health and Safety Code Section 33334.3(f)(1) (each, a "Covenanted Unit"), (2) the most recent former residents of such a Covenanted Unit, (3) applicants that are Lower Income Households or Extremely Low Income Households that are denied occupancy of such a Covenanted Unit, and (4) persons that are Lower Income Households or Extremely Low Income Households and who are on a waiting list for occupancy of such a Covenanted Unit. The provisions of AB 987 are to be applicable only to the extent required by law. Nothing in this Section 10.4 or this Agreement (including the Attachments hereto) is intended to provide an enforcement right to any person or entity not specifically made an

intended third party beneficiary of this Agreement; any such third party shall be limited in their right to enforce affordability restrictions to the extent provided by Health and Safety Code Section 33334.3(f). City makes no representation concerning the applicability, *vel non*, of Section 33334.3 as described in the foregoing portion of this Section 10.4.

10.5 Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, City, Developer and City and their respective successors and assigns. Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the City Manager, which consent may be withheld in the City Manager's sole and absolute discretion; provided that the City Manager shall reasonably consider an assignment to an entity or entities owned or under majority control by Developer or the Principals where Developer pays City's and City's costs to review, estimate, process and document such assignment and no other provisions of this Agreement are amended thereby. Any such assignment without such consent shall, at City's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Improvements and the use of the Required Affordable Units in conformity with this Agreement.

10.6 Option.

(a) City Option to Acquire Leasehold. Notwithstanding, and in addition to, the remedies provided to City otherwise provided under this Agreement, Developer hereby grants to City the option ("Option") to purchase Developer's leasehold interest in the Site, the Improvements and any other improvements to the Site (collectively, the "Leasehold Assets"). The purchase Option will begin as of the last day of the fifty-fifth (55th) Lease Year and will continue in effect thereafter for the remainder of the Term. City may, but shall not be required to, purchase the Leasehold Assets for an amount equal to the "Final Value", as defined below. In the event the Site is divided (e.g., as to Portion A and Portion B), the portions of this Section 10.6 shall be separately applied as to Portion A and Portion B, respectively, consistent with the process described in this Section 10.6.

(i) Determination of Initial Value. The value of the Leasehold Assets will be determined initially by an appraiser selected by City based upon the greater of (a) the value of the Leasehold Assets subject to the restrictions and limitations on the rental of all units on the Site to Extremely Low Income Households and Lower Income Households as provided under the City Regulatory Agreement, or (b) all then outstanding amounts (principal and accrued and unpaid interest) owing under such financing secured by Developer's interest in the Project which financing was theretofore approved in writing by City; the amount as so established constitutes the "Initial Value". The appraiser shall have sixty (60) days to obtain such appraisal and to tender its offer of sale.

(ii) Developer Submittal. Within ten (10) business days after City has transmitted a writing setting forth the Initial Value to Developer, Developer shall deliver in writing to City a writing setting forth: (a) such Developer's decision to sell the Leasehold Assets to City for an amount equal to the Initial Value; (b) Developer's opinion of value, if different from that of the Initial Value as described above; or (c) such Developer's decision to retain an appraiser to provide an opinion of value of the Leasehold Assets. If Developer approves the Initial Value, such amount shall be deemed to constitute the "Final Value." In the event Developer is obtaining an appraisal, it shall have sixty (60) days to obtain such appraisal and deliver its offer to sell to City based upon such value. An amount determined under (b) or (c) of this subsection (ii) shall constitute the "Alternative Value." In the event Developer fails to deliver its written response to City by the time set forth in this subsection (ii), then the Initial Value

shall be deemed to constitute the "Final Value." Notwithstanding the foregoing portion of this Section 10.6, in no event shall the Final Value be deemed to be less than the amount of loans and advances to finance or refinance the Project which loans and advances have been approved by City.

(iii) City Response. Within ten (10) business days after City receives a writing from Developer under subsection (ii) of this Section 10.6(b), City shall notify Developer in writing that: (a) City has elected to open escrow for the purchase of the Leasehold Assets based upon the Initial Value (which shall be applicable in the event Developer agrees that the Initial Value shall constitute the Final Value, or if Developer fails to deliver its written response under subsection (ii) by the time prescribed therefor in such subsection (ii) in which event the Initial Value shall be deemed to constitute the Final Value); (b) City has elected to open escrow for the purchase of the Leasehold Assets treating the Alternative Value as the Final Value; (c) City has elected to not proceed to exercise its rights to acquire the Leasehold Assets by means of the Option; or (d) City has elected to reject the Alternative Value and instead elects (1) to have the appraisers who, respectively, determined the Initial Value and the Alternative Value, jointly select a third, independent MAI appraiser (the "Independent MAI Appraiser") to determine the value of the Leasehold Assets and, if such appraiser fail to reach agreement on the Independent MAI Appraiser, then (2) to have the prepares of the Initial Value and the Alternative Value each designate three (3) MAI appraisers, from which the City Clerk will randomly select one of the MAI appraisers.

(iv) Appraiser Determination. In the event the Independent MAI Appraiser is designated, such appraiser shall determine a value for the Leasehold Assets subject to the Appraisal Parameters (the "Independent MAI Value"). Developer and City agree that, in such case, an amount equal to the average of: (a) the Independent MAI Value and (b) whichever of the amount determined under 10.b(b)(i) or (ii) above is closer to the Independent MAI Value, shall be deemed to constitute the "Final Value" for purposes of this Agreement.

In connection with any purchase of the Leasehold Assets under this Section 10.6(b), City shall receive credit for any outstanding indebtedness to City with respect to the Property, including without limitation the City Promissory Note.

(v) Implementation of Sale Upon Establishment of Final Value. Within five (5) working days following the establishment of the Final Value, City shall: (a) deliver its written notice that it elects not to acquire the Leasehold Assets under Section 10.6(b); (b) deliver to Developer both: (1) a written notice of its election to exercise the Option at the Final Value (the "Exercise Notice"), and (2) two (2) copies of City's standard or customary real estate purchase and sale agreement for income-restricted homes ("Purchase Agreement"), both of which are duly-executed by City. Upon Developer receiving the Exercise Notice and the two (2) duly-executed Purchase Agreements, Developer shall execute both copies of the Purchase Agreement and return one fully-executed original to City. Developer's failure to execute and deliver a copy of the Purchase Agreement in accordance with this Section 10.6(b)(v) shall not affect the validity of the Purchase Agreement; in addition, specific performance shall be available to City in such event (without limitation as to other rights or remedies). The Purchase Agreement shall be immediately effective and binding on both Developer and City without further execution by the Parties, on exercise of the Option in accordance with this Section 10.6(b)(v). City may, instead of purchasing the Leasehold Assets itself, assign its option and right to purchase the Leasehold Assets to City; provided that the Purchase Agreement shall incorporate a price, if greater, equal to the greater of the fair market value of the Leasehold Assets or the amount required to pay off or satisfy all existing debt on the leasehold estate.

(vi) Purchase Option Does Not Limit Remedies. THE PURCHASE OPTION SHALL NOT LIMIT ANY REMEDIES AVAILABLE TO CITY UNDER THE AHA, INCLUDING WITHOUT LIMITATION REMEDIES UNDER ONE OR MORE OF THE CITY REGULATORY AGREEMENT, THE CITY COVENANTS OR THE CITY LEASE. Without limitation as to other remedies that are available to City, upon compliance with the foregoing requirements of Section 10.6, the obligation of Developer to convey the Leasehold Assets to City shall be enforceable by specific performance.

10.7 Mandatory Assignment. In the event Developer has not obtained a reservation of tax credits equal to or greater than the Tax Credit Amount by the time set forth therefor in the Schedule of Performance, or if by such time the Developer fails to demonstrate to City that it is obtained binding financing commitments which, together with the infusion of the City Loan, would be sufficient to construct the Project, or if Developer informs City that Developer is unwilling to proceed with the Project on the basis set forth in this Agreement at any time and for any reason, upon giving Developer sixty (60) days to cure or determine that it will proceed to construct the Project on the basis set forth in this Agreement, City reserves the right to assign all rights of Developer herein to a nominee to replace the Developer for all purposes of this Agreement. Such reservation and designation of a substitute developer would be accomplished by writing by City to Developer.

10.8 Counterparts. Any Project Document may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

10.9 Prior Agreements; Amendments; Consents. This Agreement (together with the other Project Documents) contains the entire agreement between City and Developer with respect to the Site, and all prior negotiations, understandings and agreements with respect to such matters are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party or parties against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 65, plus signature pages and Attachments 1 through 16, which constitutes the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements among the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of City and Developer, and all amendments hereto must be in writing by the appropriate authorities of City and Developer. Whenever this Agreement provides for action by City, the City Manager may act on behalf of City unless the context or applicable law requires otherwise.

10.10 Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Placer in connection with any legal action or proceeding arising out of or relating to this Agreement or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or in rem jurisdiction or venue.

10.11 Severability of Provisions. No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

10.12 Headings. Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

10.13 Conflicts. To the great feasible extent, the provisions of this Agreement shall be construed as consistent with the Project Documents. In the event of any conflict between the provisions of this Agreement and those of any other Project Document executed by City, the Project Documents as executed by City shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

10.14 Time of the Essence. Time is of the essence of all of the Project Documents.

10.15 Conflict of Interest. No member, official or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

10.16 Cure by Limited Partner. Limited Partner is not obligated to perform as Developer under this Agreement; however, in the event a breach by Developer is cured by Limited Partner, City will accept such cure. Any cure by Limited Partner shall be accomplished within the time afforded Developer for cure hereunder, excepting that in the event it is necessary to replace the General Partner of Developer in order to effect a cure, Limited Partner shall be afforded an additional reasonable time to replace the General Partner and accomplish the cure.

Notwithstanding any provision of this Lease to contrary effect, approval by the Limited Partner and notice to the Limited Partner shall not be required as of such time as Limited Partner does not hold an interest in the Project or Developer's rights under this Agreement.

10.17 Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.

(signatures on following pages)

DEVELOPER:

COMMUNITY HOUSINGWORKS, a California nonprofit public benefit corporation

By: _____
Mary Jane Jagodzinski
Senior Vice President

CITY:

CITY OF ROCKLIN, a municipal corporation

By:_____
Bill Halldin, Mayor

ATTEST:

_____
Hope Ithurburn, City Clerk

APPROVED AS TO FORM:

_____
Sheri Chapman, City Attorney

ATTACHMENT NO. 1

SITE MAP

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

ALL THAT REAL PROPERTY SITUATE IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROCKLIN, DESCRIBED AS FOLLOWS:

That certain property consisting of approximately 1.83 acres of unimproved land in Rocklin, CA, Placer County Assessor's Parcel Numbers 010-121-001, 010-121-002, 010-121-004, 010-121-005, substantially described as follows:

Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 in Block D, Rocklin, as shown on the map thereof filed in the office of the County Recorder of Placer County.

Excepting therefrom those portions of lots 3 to 8 which lies within the 400 foot right of way of the Central Pacific Railroad as established by Congressional Grant of July 1862

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

For the purposes of this Schedule of Performance, the "Date of Agreement" is November 8, 2022. The City Manager may extend by not more than three hundred sixty-five (365) days the time under this Schedule of Performance by which any obligation of Developer shall be performed.

1. TCAC Approval. Developer shall have obtained allocation by TCAC of a preliminary reservation for tax credits for the Development in an amount of not less than the Tax Credit Amount.	On or before the Tax Credit Deadline.
2. Satisfaction of City Conditions Precedent. Developer shall satisfy the City Conditions Precedent.	Not later than the Tax Credit Deadline, and no later than December 31, 2024.
3. Recording of Documents. The City Lease or a memorandum thereof (as prepared by City) is recorded; in addition, each and every document required to be executed and delivered in connection with the Leasehold Transfer shall have been delivered and each and every document required to be recorded shall have been recorded, including without limitation the City Covenants and the City Regulatory Agreement).	Within thirty (30) days after the earlier to occur of: (i) the satisfaction of the City Conditions Precedent, or (ii) the time established under this Schedule of Performance for the satisfaction of the City Conditions Precedent.
4. Commencement of Construction. Developer shall have commenced construction of the Improvements.	Not later than 180 days after the time set forth above for satisfaction of the City Conditions Precedent (or, if earlier, the time at which the City Conditions Precedent have been satisfied).
5. Completion of Construction. Developer shall complete construction of the Improvements.	On or before the second anniversary of the commencement of construction.
6. Rental Units Occupied. Developer causes the Required Affordable Units to be occupied using rents prescribed by and in conformity with the Agreement.	Within three hundred (300) days after the earlier of (i) issuance of a Certificate of Completion for the Improvements or (ii) the time established for completion of construction of the Improvements herein, which deadline shall be subject to any applicable extensions under Section 9.10 of the Agreement.

ATTACHMENT NO. 4

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

TO: City of Rocklin
3970 Rocklin Road
Rocklin, California 95677
Attention: City Manager

The undersigned, _____, being duly authorized to execute this Certificate of Continuing Program Compliance (this "Certificate") on behalf of Community HousingWorks, a California nonprofit public benefit corporation (the "Developer"), hereby represents and warrants that:

1. He has read and is thoroughly familiar with the provisions of the Affordable Housing Agreement (the "AHA") by and between City, the City of Rocklin ("City") and Developer dated as of November 8, 2022, including without limitation the City Covenants, and City Regulatory Agreement, the City Lease, and other attachments thereto. Capitalized terms used herein shall have the same meaning as that set forth in the AHA; and

2. As of the date of this Certificate, the following number of completed residential units at the Site: (i) are currently occupied by Extremely Low Income Households at Affordable Rent; (ii) are currently occupied by an Extremely Low Income Households at Affordable Rent; (iii) are currently occupied by Lower Income Households at Affordable Rent; (iv) are currently vacant and being held available for occupancy by an Extremely Low Income Household at Affordable Rent; (v) are currently vacant and being held available for occupancy by a Low Income Household since the date of Low Income Household vacated such unit and have been so held continuously since the date a Lower Income Household vacated such unit):

Occupied at an Affordable Rent by:

i. Extremely Low Income Households (30%) ___ # of Units, Nos.: _____
ii. Very Low Income Households (50%) __ # of Units, Nos.: _____
ii. Low Income Households (59%) ___ # of Units, Nos.: _____

Vacant:

a. Held for occupancy by:

i. Extremely Low Income Households (30%) ___ # of Units, Nos: _____
ii. Very Low Income Households (50%) ___ # of Units, Nos: _____
ii. Lower Income Households (59%) ___ # of Units, Nos.: _____

b. Last occupied by:

i. Extremely Low Income Households (30%) ___ # of Units, Nos: _____
ii. Very Low Income Households (50%) ___ # of Units, Nos: _____
ii. Lower Income Households (59%) ___ # of Units, Nos.: _____

3. At no time since the date of filing of the last Certification of Continuing Program Compliance have less than one hundred percent (100%) of the Required Affordable Units as completed units in the Project been occupied by, or been last occupied, or have been available for occupancy by Extremely Low Income Households, Very Low Income Households and/or Lower Income Households at an Affordable Rent, and all of the Required Affordable Units have been occupied in conformity with the Tenant Selection and Tenant Services Plan.

4. Developer is not in default under the terms of the Agreement, including without limitation the attachments thereto (such as the City Lease, the City Covenants and the City Regulatory Agreement).

[Note: in the event the Site is divided into Portion A and Portion B, this form would be adapted to address Portion A and Portion B, to be executed by the Approved Assignee for the relevant Portion]

COMMUNITY HOUSINGWORKS, a California nonprofit public benefit corporation

By: _____
Mary Jane Jagodzinski,
Senior Vice President

(DEVELOPER)

ATTACHMENT NO. 5

NOTICE OF AFFORDABILITY RESTRICTIONS

[to come: this will be prepared later to conform to the City Regulatory Agreement(s) following closing after the Final Financing Plan has been approved]

ATTACHMENT NO. 6

CITY LEASE

(see attached)

ATTACHMENT NO. 7

CALCULATION OF AFFORDABLE RENTS

Placer County
Affordable Rent Worksheet

(2022 Income Figures)

Method of Determining Rents[1]

1. Income Eligibility[2],[3]

The first step in determining eligibility for an affordable housing program is determining whether the family which will be purchasing or renting the housing unit meets the following income standards applicable to **Placer County**, based upon the size of the family:

Income Level	*1 person household*	*2 person household*	*3 person household*	*4 person household*	*5 person household*	*6 person household*	*7 person household*	*8 person household*
Extremely Low	$21,300	$24,350	$27,400	$30,400	$32,850	$37,190	$41,910	$46,630
Very Low	$35,500	$40,550	$45,600	$50,650	$54,750	$58,800	$62,850	$66,900
Lower	$56,750	$64,850	$72,950	$81,050	$87,550	$94,050	$100,550	$107,000
Median	$71,550	$81,750	$92,000	$102,200	$110,400	$118,550	$126,750	$134,900
Moderate	$85,850	$98,100	$110,400	$122,650	$132,450	$142,250	$152,100	$161,900

2. Determining Affordable Rent

For rental housing, the second step in determining compliance with affordable housing requirements is determining whether the total rent costs payable by the tenant are within allowable amounts.

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[1] Based on currently effective median income of Placer County, as released by the Department of Housing and Community Development ("HCD") by memorandum dated as of May 13, 2022 as posted to the HCD website. These median income numbers are revised annually; accordingly, affordable rents are revised annually as well. The Developer is responsible for charging rents in the amounts allowable under this Agreement. The Developer is encouraged to annually confirm proposed rents with the City.

[2] Affordable Rent for Extremely Low Income Households is the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(1). If any units are Acutely Low Income Household units, the income limitations and maximum allowable rents will be available from City.

[3] Affordable Rent for Very Low Income Households is the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(2).

For **Extremely Low Income Households**:[4]

- renting a **0 bedroom** unit, monthly rent may not exceed **$536.63**
- renting a **1 bedroom** unit, monthly rent may not exceed **$613.13**
- renting a **2 bedroom** unit, monthly rent may not exceed **$690.00**
- renting a **3 bedroom** unit, monthly rent may not exceed **$766.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **$828.00**
- renting a **5 bedroom** unit, monthly rent may not exceed **$889.13**

For **Very Low Income** Households: [5]

- renting a **0 bedroom** unit, monthly rent may not exceed **$894.38**
- renting a **1 bedroom** unit, monthly rent may not exceed **$1,021.88**
- renting a **2 bedroom** unit, monthly rent may not exceed **$1,150.00**
- renting a **3 bedroom** unit, monthly rent may not exceed **$1,277.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **$1,380.00**
- renting a **5 bedroom** unit, monthly rent may not exceed **$1,481.88**

For **Lower Income** Households:[6]

- renting a **0 bedroom** unit, monthly rent may not exceed **$1,073.25**
- renting a **1 bedroom** unit, monthly rent may not exceed **$1,226.25**
- renting a **2 bedroom** unit, monthly rent may not exceed **$1,380.00**

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[4] Affordable Rent for Extremely Low Income Households is the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053(b)(1).

[5] Affordable Rent for Very Low Income Households is the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053(b)(3).

[6] *While this Attachment shows Affordable Rent for Lower Income Households as the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053(b)(3), under the Agreement, the limit for Affordable Rent for Lower Income Households shall be the product of 30 percent times 59 percent of the area median income adjusted for family size appropriate to the unit.*

- renting a **3 bedroom** unit, monthly rent may not exceed **$1,533.00**
- renting a **4 bedroom** unit, monthly rent may not exceed **$1,656.00**
- renting a **5 bedroom** unit, monthly rent may not exceed **$1,778.25**

In addition, for any Lower Income Household whose income falls within the following guidelines, it is **optional** for City to require that **affordable rent not exceed 30 percent of the gross income of the household**:[7]

- **1 person households** whose income is between **$42,930 and $56,750**
- **2 person households** whose income is between **$49,050 and $64,850**
- **3 person households** whose income is between **$55,200 and $72,950**
- **4 person households** whose income is between **$61,320 and $81,050**
- **5 person households** whose income is between **$66,240 and $87,550**
- **6 person households** whose income is between **$71,130 and $94,050**
- **7 person households** whose income is between **$76,050 and $100,550**
- **8 person households** whose income is between **$80,940 and $107,000**

For purposes of determining Affordable Rent, *"Rent"* is an average of estimated housing costs for the next twelve months. ***"Rent"*** includes the total of monthly payments for all of the following:[8]

- Use and occupancy of a housing unit and land and facilities associated therewith.
- Any separately charged fees or service charges assessed by the lessor which are required of all tenants, other than security deposits.
- A reasonable allowance for utilities not included in the above costs, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. "Utilities" does not include telephone service. Such an allowance shall take into consideration the cost of an adequate level of service.

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[7] Health and Safety Code Section 50053 (b)(3). *Note: while this Attachment shows Affordable Rent for Lower Income Households as the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053(b)(3), under the Agreement, the limit for Affordable Rent for Lower Income Households shall be the product of 30 percent times 59 percent of the area median income adjusted for family size appropriate to the unit.*

[8] 25 California Code of Regulations Section 6918.

Possessory interest taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the lessor.

ATTACHMENT NO. 8

REQUEST FOR NOTICE OF DEFAULT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Rocklin
3970 Rocklin Road
Rocklin, California 95677
Attention: City Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Exempt from recording fees pursuant to Government Code § 6103.

Exempt from fee per Government Code section 27388.1(a)(2); recorded concurrently in connection with a transfer subject to the imposition of documentary transfer tax

Request for Notice Under Section 2924b Civil Code

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, 202__, in Book _____, Page _____, Official Records of Placer County, California, and describing land therein as

See Exhibit A attached hereto

executed by _____, as Trustor, in which _____ is named as Beneficiary, and _____ as Trustee, be mailed to City of Rocklin, at 3970 Rocklin Road, Rocklin, California 95677, Attention: City Manager.

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A REQUEST MUST BE RECORDED.

Aly Zimmerman
City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 9

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Site is specifically delineated on the Site Map and the Legal Description of the Site.

II. DEVELOPMENT

Developer shall construct one hundred ten (110) multifamily rental housing units on the Site together with all on-site and off-site features described in this Scope of Development (as presented to the City Council of the City on November 8, 2022 as well as such other features as shall hereafter be approved as part of the City's land use and planning approval process (including without limitation any applicable mitigation measures). All such improvements, including all conditions of deposit now or hereafter imposed by City (including without limitation and mitigation measures) collectively constitute the "Improvements." The number of bedrooms for the Required Affordable Units is set forth within the definition, Required Affordable Units. Unit sizes shall not be less than as hereafter approved by City as part of its land use approval process and under the authorization of this Agreement. Developer is encouraged to confer and consult with Community Development staff concerning the size and amenities associated with the housing units. Developer shall accomplish the Development in strict conformity with the Entitlements.

If the Site is divided into Portion A and Portion B, for convenience, those improvements which are required to be developed on Portion A and offsite improvements associated with the use of Portion A which are required as conditions of land use approval shall be referred to as the "Portion A Improvements"; those improvements which are required to be developed on Portion B and offsite improvements associated with the use of Portion B which are required as conditions of land use approval shall be referred to as the "Portion B Improvements."

The quality of construction shall be of a high level. The Improvements shall conform to such plans as are hereafter approved by City and maintained on file with City as supplemented by the Design Development Drawings.

The Improvements shall include parking as hereafter designated by City as part of its land use approval process to be located on the Site. In addition, the City intends to make available on a non-exclusive basis under a revocable license agreement the ability to park certain vehicles on that certain property defined herein as the "Adjacent City Parking Area"; the Adjacent City Parking Area is a portion of the block (APN 010-0404-039, approximately 0.9 acres) from the back edge of the alley towards the train tracks as originally granted to City through an Act of Congress, under a grant which restricts the use of such property. Developer shall design and construct the parking lot at its cost and the City will maintain the parking lot thereafter. While no portion of the parking lot can be restricted for the exclusive use of the affordable housing project, the parking lot, including approximately 70 spaces will be made available for use, including overnight use, by residents of the project.

Developer shall commence and complete the Improvements by the respective times established therefor in the Schedule of Performance.

III. DEVELOPMENT STANDARDS

The Improvements shall conform to all applicable state laws and regulations and to local zoning, applicable provisions of the City Code and the following development standards:

A. General Requirements:

1. Vehicular Access. The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by City. In the interest of minimizing traffic congestion, City will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of City staff.

2. Building Signs. Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to City staff approval, and signs must conform to the City Code.

3. Screening. All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by City staff.

4. Landscaping. Developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming with the plans as hereafter approved by City excepting for landscaping, if any, installed by City within the public right of way.

Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan, shall be subject to City staff approval prior to planting.

5. Utilities. All utilities on the Site provided to service the units rehabilitated or reconstructed by Developer shall be underground at Developer's expense.

6. Building Design. Buildings shall be constructed such that the Improvements shall be of high architectural quality and shall be effectively and aesthetically designed and in conformance with City approvals.

7. Mitigation Measures. Mitigation measures approved for the Development under the California Environmental Quality Act (CEQA).

B. Design Features:

The following design features are considered essential components to the Improvements:

Handicapped Units – The greater of ten percent (10%) of the Units or the number of units required by TCAC are to be fully handicapped accessible in compliance with State Housing Code - Title 24 requirements.

Security - The details of security will be reviewed upon submission of the detailed plans.

Overall Design Quality, Materials, Colors, Design Features - Quality of design is important, materials and colors are to be approved by City.

Mobility/Agility - All facilities shall comply, to the extent feasible, with "New Horizon Accessible, Adaptable Apartments for the Physically Disabled" published by HCD dated July 1989, and shall comply with those portions of Title 24 of the California Code of Regulations that have been adopted by HCD relating to handicapped units, and the requirements of the federal Department of Housing and Urban Development, Part VI, 24 C.F.R. Ch. 1, Vol. 56, No. 44, as published in the Federal Register March 6, 1991.

IV. SOILS

Developer agrees to accept the Site in its as-is condition, subject only to express representations and warranties made by City under the AHA and assumes responsibility for surface and subsurface conditions at the Site and the suitability of the Site for the Improvements. Developer will undertake all investigation of the Site as it shall deem necessary and has not received or relied upon any representations of City, its officers, agents and employees.

V. SPECIAL AMENITIES

Developer shall undertake all improvements required by City as a condition of development of the Site under the Entitlements.

ATTACHMENT NO. 10

CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

APN: _____

(Space Above for Recorder's Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the **CITY OF ROCKLIN,** a municipal corporation (the "City"), in favor of **COMMUNITY HOUSINGWORKS**, a California nonprofit public benefit corporation (the "Developer"), as of the date set forth below.

R E C I T A L S

A. City and Developer have entered into that certain unrecorded Affordable Housing Agreement (the "AHA") dated as of November 8, 2022 concerning the redevelopment of certain real property situated in the City of Rocklin, California, as more fully described in Exhibit "A" attached hereto and made a part hereof (the "Site"). A copy of the AHA is on file with City as a public record.

B. As referenced in Section 6.13 of the AHA, City is required to furnish Developer or its successors with a Certificate of Completion upon completion of construction of the "Improvements" (as defined in Section 1.1 of the AHA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Placer County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the AHA.

C. City has conclusively determined that the construction and development of the Development has been satisfactorily completed.

NOW, THEREFORE, City hereby certifies as follows:

1. City does hereby certify that the Improvements to be constructed by Developer has been fully and satisfactorily completed in full conformance with the AHA.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the AHA that survive the issuance of this Certificate.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the AHA (including without limitation the attachments thereto).

IN WITNESS WHEREOF, City has executed this Certificate of Completion this ___ day of _____, 202__.

CITY OF ROCKLIN, a municipal corporation

By:_____
Aly Zimmerman
City Manager

ATTEST:

_____
Hope Ithurburn, Secretary

EXHIBIT "A" TO ATTACHMENT NO. 10

LEGAL DESCRIPTION OF THE SITE

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

ALL THAT REAL PROPERTY SITUATE IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROCKLIN, DESCRIBED AS FOLLOWS:

That certain property consisting of approximately 1.83 acres of unimproved land in Rocklin, CA, Placer County Assessor's Parcel Numbers 010-121-001, 010-121-002, 010-121-004, 010-121-005, substantially described as follows:

Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 in Block D, Rocklin, as shown on the map thereof filed in the office of the County Recorder of Placer County.

Excepting therefrom those portions of lots 3 to 8 which lies within the 400 foot right of way of the Central Pacific Railroad as established by Congressional Grant of July 1862

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 11

CITY REGULATORY AGREEMENT

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

City of Rocklin
3970 Rocklin Road
Rocklin, California 95677
Attention: City Manager

(Space above for Recorder's Use.)

APN:

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

Exempt from fee per Government Code section 27388.1(a)(2); recorded concurrently in connection with a transfer subject to the imposition of documentary transfer tax

REGULATORY AGREEMENT

These Covenants, Conditions and Restrictions, herein sometimes referred to as these "CC&Rs" or "Declaration" or "Regulatory Agreement" are made by the signatories hereto.

R E C I T A L S

WHEREAS, each of the **CITY OF ROCKLIN**, a municipal corporation ("City"), the **CITY OF ROCKLIN**, a charter city duly organized and existing under and by virtue of the Constitution and the laws of the State of California ("City"), and **COMMUNITY HOUSINGWORKS**, a California nonprofit public benefit corporation ("Developer") is a party to this Declaration. City and Developer are sometimes collectively referred to herein as the "Declarants."

WHEREAS, City and Developer have entered into that certain unrecorded Affordable Housing Agreement dated as of November 8, 2022 (the "AHA") for the improvement and development of certain real property described in Exhibit "A" (to which these CC&Rs are attached) as the "Site", which AHA provides for the recordation of this Regulatory Agreement. The AHA is incorporated herein by this reference and any capitalized term not defined herein shall have the meaning established therefor in the AHA. A copy of the AHA is on file with City as a public record.

WHEREAS, this Regulatory Agreement establishes a plan for the improvement, development and maintenance of the Site, for the benefit of City.

WHEREAS, it is contemplated under the AHA that, as of the recordation of this Regulatory Agreement, Developer has entered into or will enter into a lease of the "Site" and described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference. The form of the lease, as prescribed by the AHA, is referenced to as the "City Lease."

WHEREAS, the AHA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the provision of rental housing units available to Extremely Low Income Households and Low Income Households at Affordable Rents as those terms are defined therein.

WHEREAS, City and Developer wish to adopt this Regulatory Agreement to further govern the use of the Site in conjunction and along with the AHA and to ensure that City achieves credit for production of affordable housing units in the manner described by Section 33413 of the California Health and Safety Code.

NOW, THEREFORE, City each of Developer (as owner of real property interests described hereinabove), in City, declares that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the Covenants, Conditions and Restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property, and City. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarants, their grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

ARTICLE I
DEFINITIONS

The definitions provided herein shall be applicable to this Declaration and also to any amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration.

"Adjacent City Parking Area" has the meaning set forth therefor in the AHA.

"Affiliated Person" means, when used in reference to a specific person, any person that directly or indirectly controls or is controlled by or under common control with the specified person, any person that is an officer or director of, a trustee of, or a general partner, managing member or operator in, the specified person or of which the specified person is an officer, director, trustee, general partner or managing member, or any person that directly or indirectly is the beneficial owner of ten percent (10%) or more of any class of the outstanding voting securities of the specified person.

"Affordable Housing Project" means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

"Affordable Rent" has the following meaning: For an Extremely Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of the Median Income for the Area for a household size appropriate to the unit. For a Lower Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of fifty-nine percent (59%) of the Median Income for the Area for a household size appropriate to the Unit. "Household size appropriate to the unit," as used herein, means two persons for each one-bedroom unit, three persons for each two-bedroom unit, and four persons for each three-bedroom unit. The maximum monthly rental amount of the units shall be adjusted annually by the formula set forth above upon the promulgation of revised Placer County median income figures by regulation of the California Department of Housing and Community Development. Actual rent charged may be less than such maximum rent.

"Approved Housing Project" means all improvements as provided to be developed by Developer under the AHA. The Approved Housing Project must be completed in strict conformity with all specifications contained in or referred to in the AHA.

"Area" means the Placer County, as periodically defined by HUD.

"Calculation of Affordable Rents" means the worksheet substantially in the form of Attachment No. 7 to the AHA.

"Certificate" or "Certification" is defined in Section 3(a).

"City", as defined in the first Recital hereof, means the City of Rocklin, a charter city duly organized and existing under and by virtue of the Constitution and the laws of the State of California.

"City Code" means and refers to the City of Rocklin Municipal Code as revised from time to time and includes, without limitation, the Uniform Codes.

"City Covenants" means that instrument referenced as Attachment No. 13 to the AHA.

"Commencement Date of the City Lease" means the commencement of the City Lease as more particularly set forth therein.

"City" means the City of Rocklin and its successors in interest.

"City Lease" means a ground lease substantially in the form of Attachment No. 6 to the AHA.

"Common Areas" means all areas on the Site that are open or accessible to all tenants of the Site (such as grounds, but excluding buildings).

"Extremely Low Income Households" means households earning not greater than thirty percent (30%) of Median Income for the Area pursuant to Health and Safety Code Section 50106.

"Extremely Low Income Unit" or "Extremely Lower Income Unit" means Unit occupied at Affordable Rent by an Extremely Low Income Household.

"Gross Income" means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. § 813) in effect as of the Date of Agreement.

"Low Income Household" or "Lower Income Household" means a household earning not greater than fifty-nine percent (59%) of median income for the Area.

"Low Income Unit" or "Lower Income Unit" means Unit occupied at Affordable Rent by a Low Income Household.

"Map of the Site" means Exhibit B hereto.

"Median Income for the Area" means the median income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States

Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination.

"Prescribed Income Levels" means the following [to be conformed to the AHA provisions prior to closing].

"Project" has the meaning set forth therefor in the AHA.

"Regulatory Agreement" means this Regulatory Agreement and any amendments, modifications or supplements which may also be referred to herein as this "Declaration."

"Required Affordable Unit" means any of one hundred nine (109) of the dwelling units in the Project, as constructed under the AHA, and available to, occupied by, or held vacant for occupancy only by tenants qualifying as Extreme Low Income Households, Very Low Income Households and Low Income Households and rented at Affordable Rent.

"Required Covenant Period" means the period commencing on the date this Regulatory Agreement is recorded and ending eighty seven (87) years thereafter.

"Site" means all of the real property and appurtenances as described in the Recitals above, including all structures and other improvements thereon, and those hereafter constructed.

"Tax Credit Rent" means that maximum rent permitted to be paid for a household corresponding to an income category set forth in this agreement (such as 50% of Median Income) under the Tax Credit Rules.

"Tax Credit Rules" means Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*, and the rules and regulations implementing the foregoing, including without limitation the program regulations promulgated by TCAC.

"Tax Credits" means 9% Low Income Tax Credits and 4% Low Income Tax Credits granted pursuant to Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*

"Tenant Selection and Tenant Services Plan" shall have the meaning set forth in the AHA.

"Uniform Codes" means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

"Unit" means a dwelling unit on the Project.

"Very Low Income Households" means households earning not greater than fifty percent (50%) of Median Income for the Area pursuant to Health and Safety Code Section 50105.

"Very Low Income Unit" means Unit occupied at Affordable Rent by a Very Low Income Household.

"Year" means a calendar year, excepting that the last Year hereunder shall be deemed to end as of the expiration of this Regulatory Agreement.

ARTICLE II
LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. Developer shall develop the Approved Housing Project on the Site in conformity with the AHA. Thereafter, the Site shall be operated as an Affordable Housing Project and devoted only to the uses specified in the AHA and the City Lease for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to the AHA, shall conform to all applicable provisions of the City Code and the City Approvals.

The Site shall be used, maintained and operated in accordance with the AHA, the City Lease, and this Regulatory Agreement for the Required Covenant Period. None of the units in the Project shall at any time be utilized on a transient basis nor shall the Project or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park. No part of the Site, from the date Developer acquired a leasehold interest in the Site, has been or will at any time be owned or used as a cooperative housing corporation or a community apartment project or a stock cooperative.

Section 2. Affordable Housing.

Number of Units. Throughout the Required Covenant Period, the Required Affordable Units shall be rented to households at the following income levels: [to be conformed to Affordable Housing Agreement provisions].

(a) (a) During the Base Period: (i) for two (2) studio Units, thirty percent (30%) of Median

Required Affordable Units shall be continuously occupied by or held available for occupancy by Extremely Low Income Household or, as applicable, Very Low Income Households or Low Income Households, at an Affordable Rent. All Required Affordable Units shall be rented at Affordable Rent. For this purpose, a tenant who qualifies as an Extremely Low Income Household at the time he or she first occupies an Affordable Unit shall be deemed to continue to be so qualified until such time as a recertification of such individual's or family's income in accordance with Section 3 below demonstrates that such individual or family no longer qualifies as an Extremely Low Income Household. Moreover, a unit previously occupied by an Extremely Low Income Household, and then vacated shall be considered occupied by such Extremely Low Income Household until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined; a similar protocol shall apply with respect to Very Low Income Units and Lower Income Units respectively. In no event shall such temporary period exceed thirty-one (31) days.

At such time as a tenant ceases to qualify as an Extremely Low Income Household, the unit occupied by such tenant shall cease to be an Extremely Low Income Unit. Developer shall replace each such Extremely Low Income Unit by designating the next available unit and any necessary units thereafter as an Extremely Low Income Unit. For purposes of this Agreement, such designated unit will be considered an Extremely Low Income Unit if it is held vacant and available for occupancy by an Extremely Low Income Household, and, upon occupancy, the income eligibility of the tenant as an

Extremely Low Income Household is verified and the unit is rented at Affordable Rent. A similar protocol shall apply with respect to Very Low Income Units and Lower Income Units respectively.

Except to the extent prohibited by federal law, in the event a household's income initially complies with the corresponding income restriction for an Extremely Low Income Household but the income of such household increases, such increase shall not be deemed to result in a violation of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the occupancy by such household is for a reasonable time of not to exceed three hundred sixty-five days (measured from the time the income of the household ceases to qualify at the designated affordability level). Developer shall include in its rental agreements provisions which implement this requirement and limitation, and Developer shall expressly inform prospective renters as to this limitation prior to the commencement of a tenancy. Excepting only to the extent prohibited by federal or State law, in the event a household that originally qualified as an Extremely Low Income Household has income that increases above the level designated for an Extremely Low Income Household, that household will be reported based upon the income level of such household, up to and including Low Income; a similar protocol shall be followed with respect to Very Low Income Households. In each such case, the next available Unit will be rented to the category formerly represented by such household.

Duration of Affordability Requirements. The Required Affordable Units shall be available to and occupied by Extremely Low Income Households and, to the extent provided under Prescribed Income Levels, Extremely Low Income Households, Very Low Income Households, Lower Income Households, and, if applicable, Moderate Income Households at Affordable Rent throughout the Required Covenant Period. All tenants residing in any Unit for which rents are limited by virtue of this Regulatory Agreement or pursuant to other regulation during the last two (2) years of the Required Covenant Period shall be given notice by Developer at least once every six (6) months prior to the expiration date of this requirement, that the rent payable on such Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. As specified hereinbelow, Developer shall demonstrate to City that the proposed tenants of each of the Required Affordable Units constitutes an Extremely Low Income Household or, to the extent provided herein, a Very Low Income Household or a Lower Income Household. To the greatest extend allowable, Developer shall cause the Required Affordable Units to be rented in accordance with the Tenant Selection and Tenant Services Plan.

Prior to the rental or lease of an Required Affordable Unit to a tenant, and as set forth in this Section 2 of Article II of this Declaration, Developer shall require the tenant to execute a written lease and to complete an Income Verification certifying that the tenant(s) occupying the Required Affordable Unit is/are an Extremely Low Income Household or, to the extent provided herein, a Very Low Income Household or a Lower Income Household and meet(s) the eligibility requirements established for the Required Affordable Unit. Developer shall verify the income of the tenant(s).

Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Affordable Units. The Affordable Units shall be rented or leased at Affordable Rent. As of the approval of the AHA, Affordable Rent is calculated in accordance with the Affordable Rent Worksheet or, if lower, the Tax Credit Rents. The maximum monthly rental for the Affordable Unit shall be adjusted annually as permitted by Section 50053 of the California Health and Safety Code based on the annual adjustment to the Median Income for the Area established pursuant to Section 50093 of the California Health and Safety Code, as more particularly set forth in the Affordable Rent Worksheet.

Relationship to Tax Credit Requirements. Notwithstanding any other provision of this Regulatory Agreement, to the extent that requirements associated with the provision of financing, other than by City, are more restrictive with respect to the requirements applicable to tenant selection, tenant income levels and unit rent levels than as provided in this Regulatory Agreement, whichever is more restrictive in each case, shall control and Developer's compliance therewith shall not be a default hereunder. If, following completion of construction of the Improvements, Developer restricts a greater number of Units as affordable units than is required under this Regulatory Agreement as of the date it is first executed, Developer agrees, upon request therefor by City, to execute and record such addendum or supplement to this Regulatory Agreement as would restrict such additional units to be affordable on a similar basis to that set forth herein.

DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE AFFORDABLE UNITS ESTABLISHED BY THE AHA, THIS REGULATORY AGREEMENT AND THE CITY LEASE IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE AFFORDABLE UNITS.

Section 3. Developer Verification and Program Compliance.

Income Verification and Certification. Developer will obtain and maintain on file an Income Verification from each tenant (for every Unit on the Site), dated immediately prior to the initial occupancy of such tenant in the Project.

On July 15 following the completion of the Improvements, Developer shall file with City or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418, in a form prescribed by City. Each Certificate shall cover the immediately preceding Lease Year.

Developer shall maintain on file throughout the Required Covenant Period each tenant's executed lease and Income Verification and rental records for the Project and the Housing Units. Developer shall maintain complete and accurate records pertaining to the Extremely Low Income Units, the Very Low Income Units, the Low Income Units and any other Units, and will permit any duly authorized representative of City to inspect the books and records of Developer pertaining to the Project, including those records pertaining to the occupancy of the Extremely Low Income Units, the Very Low Income Units, the Low Income Units and any other units. Developer shall prepare and submit to City annually commencing the July 15 first following the recording of the Memorandum of Lease and continuing throughout the Required Covenant Period, a Certificate of Continuing Program Compliance. Such documentation shall state for each unit in the Project the unit size, the rental amount, the number of occupants, and the income of the occupants and any other information which may be used to determined compliance with the terms of this Regulatory Agreement and the AHA.

As part of its annual report, Developer shall include a statement of amounts payable by Developer under this Regulatory Agreement supported by an Audited Financial Statement (prepared by an independent accounting firm reasonably acceptable to City) which sets forth information in detail sufficient for adequate review by City for the purposes of confirming those amounts payable by Developer to City, including without limitation amounts payable under the City Note, as well as showing the general financial performance of the Project ("Annual Financial Report"). Each Annual Financial Report shall include a profit and loss statement showing Gross Revenues, Operating Expenses, Debt Service, Capital Replacement Reserve, and Residual Receipts, all certified by the Audited Financial Statement. In the event the amounts reported or paid deviate by five percent (5%) or more from that amount owing upon review of Developer's submittal, Developer shall reimburse City for its cost to review (which may require engagement of auditors) and collect the amounts owing; such amounts shall, until paid, be added to the amount payable under the City Promissory Note.

In addition, as part of its annual report, at City's request, but not less frequently than prior to each initial and subsequent rental of each Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to City completed income computation, asset evaluation, and certification forms, for any such tenant or tenants, in substantially the form provided by City from time to time. Developer shall obtain an annual certification from each household of each Unit demonstrating that such household is an Extremely Low Income Household, a Very Low Income Household or a Low Income Household, as applicable, and meets the eligibility requirements established for each such Unit. Developer shall verify the income certification of each tenant household. In order to comply with this Section 3, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation required to be submitted to TCAC pursuant to the Tax Credit Rules and the Tax Credit Regulatory Agreement for the Project; provided, City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with all requirements from all funding sources. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to City. Further, City has the right, but not the obligation to monitor compliance with respect to each tenant household at the Project, and City's election to monitor some, but not all, of the Units shall not constitute a waiver of City's right to monitor and enforce compliance with respect to all Units in the future.

Verification of Income of New and Continuing Residential Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code Regs. Section 6914. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) Developer shall verify the income of each proposed tenant of the Project and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods;

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed;

(iii) obtain an income verification certification from the employer of the person;

(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies; or

(v) obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Developer.

Verification Regarding Eligibility of New Residential Tenants. Developer shall retain documentation regarding the eligibility of each new tenant household.

Reporting Amounts. City is required by Section 33418 of the California Health and Safety Code to require Developer to monitor affordability of the Affordable Units and submit the annual reports required by Section 3 of Article II of this Declaration. City relies upon the information contained in such reports to satisfy its own reporting requirements and to provide certain information described at Sections 33080 and 33080.1 of the California Health and Safety Code. In the event Developer fails to submit to City or its designee the Certification as required by Section 3(a), Developer shall be in noncompliance with this Regulatory Agreement. In the event Developer remains in noncompliance for thirty (30) days following receipt of written notice from City of such noncompliance under Sections 3(a) and 3(b) of Article II hereinabove, then Developer shall, without further notice or opportunity to cure, pay to City Two Hundred Fifty Dollars ($250.00) per Required Affordable Unit for each year Developer fails to submit a Certificate covering each and every housing unit on the Site.

Section 4. Nondiscrimination. Developer shall refrain from restricting the rental, sale or lease of the Site, or any portion thereof, on the basis of race, color, creed, religion, sex, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government

Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(3) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of City, its successors and assigns, City and any successor in interest to the Site, together with any property acquired by Developer pursuant to this Agreement, or any part thereof. The covenants against discrimination as set forth in this Section 1 of Article II shall remain in effect in perpetuity.

Section 5. Keeping of Animals. No animals of any kind shall be raised, bred or kept on the Site, except that domesticated dogs, cats or other household pets may be kept by the tenants in the Project at the discretion of Developer and subject to compliance with all laws. However, no animal shall be kept, bred or maintained for any commercial purpose or for fighting purposes. Nothing permitted herein shall derogate in any way the right of Developer to further restrict keeping of pets.

Section 6. Parking of Vehicles. Developer shall not permit the parking, storing or keeping of any vehicle except wholly within the parking areas designated for the Required Affordable Units. Developer shall not permit the parking, storing or keeping of any large commercial type vehicle (dump truck, cement mixer truck, oil or gas truck, etc.), or any recreational vehicle over twenty (20) feet in length (camper unit, motor home, trailer, mobile home or other similar vehicle), boats over twenty (20) feet in length, or any vehicle other than a private passenger vehicle, upon any portion of the Common Areas, including parking spaces. For purposes of this Section 6, a pickup truck with a pickup bed mounted camper shall be considered a private passenger vehicle; provided however, that no such vehicle shall be used for residential purposes while parked on the premises.

Developer shall not permit major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle to be conducted upon any portion of the Common Area, including the parking areas, except for emergency repairs thereto and then only to the extent necessary to enable movement of the vehicle to a proper repair facility. No inoperable vehicle shall be stored or kept in the Common Area. Developer shall give the vehicle owner not less than four (4) days, nor more than seven (7) days' notice and an opportunity to remove any vehicle parked, stored or kept in violation of the provisions of this Declaration. Notice shall consist minimally of a reasonably diligent attempt to personally notify the vehicle owner or alternatively leaving written notice on the subject vehicle. After due notice and opportunity have been given to the vehicle owner, Developer shall have the right to

remove, at the vehicle owner's expense, any vehicle parked, stored or kept in violation of the provisions of this Declaration.

Section 7. Maximum Occupancies. No persons shall be permitted to occupy any Apartment within the Project in excess of applicable limit of maximum occupancy set by the City Code and the laws of the State of California.

Section 8. Signs Required. "Illegally parked vehicles will be towed" signs in compliance with California Vehicle Code requirements will be posted and enforced by Developer.

Section 9. Fences and Electronic Installations. Developer shall not install or knowingly permit to be installed on the exterior of any improvement or building on any fences or any antenna or other television or radio receiving device, excepting satellite dishes having a diameter of eighteen inches (18") or less, without prior written consent of City. This prohibition shall not prohibit the installation of cable television or subscription wires or receiving devices.

Section 10. Structural Change. Nothing shall be done on the Site in, on or to any building which would materially structurally change the exterior or the interior bearing walls of any such building or structure, except as otherwise provided herein. Nothing herein shall affect the rights of Developer to repair, alter or construct improvements on the buildings on the Site unless such repair, alteration or improvement would impair the structural integrity and/or exterior appearance of said buildings. Nothing herein shall be deemed to prohibit work ordered to be performed by the City building official.

Section 11. Compliance with Laws. Developer shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the California Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*) and Fair Housing Act (42 U.S.C. § 3601, *et seq.,* and 24 C.F.R. § 100.300, *et seq.)*. Developer shall also comply with the Tax Regulatory Agreement. Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Project and has obtained advice from any advisers of its own choosing in connection with this Agreement.

ARTICLE III
DUTIES OF DEVELOPER: SPECIFIC MAINTENANCE RESPONSIBILITIES

Section 1. Exterior Building Maintenance. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. Any such defacing marks shall be cleaned or removed within a reasonable period of time as set forth herein.

Section 2. Front and Side Exteriors. Developer shall at all times maintain the front exterior and yard in a clean, safe and presentable manner, free from defacing marks or any disrepair and any visible side exteriors. Developer shall hire maintenance personnel to maintain and/or repair any front exterior or yard or visible side yard and exterior of any lot or building.

Section 3. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed by the later to occur of (i) seventy-two (72) hours of their creation or (ii) seventy-two (72) hours after notice to Developer.

Section 4. Driveways. All driveways must be paved and maintained with impervious material in accordance with the City Code. In addition, all water must be made to drain freely to the public part of the waterway without any pooling.

Section 5. Exterior Illumination. Developer shall at all times maintain adequate lighting in all entrance ways and parking areas. Adequate lighting means outdoor, night lighting designed and installed, which provides no less than one (1.0) foot candles in the parking areas and no less than one and one-half (1-1/2) foot candles in the walking areas or common areas and no less than 0.2 foot candles at the point of least illumination.

Section 6. Front Setbacks. All front setback areas that are not buildings, driveways or walkways shall be adequately and appropriately landscaped in accordance with minimum standards established by City and shall be maintained by Developer. The landscaping shall meet minimum standards set from time to time by City.

Section 7. Trash Bins. All trash shall be collected and placed at all times in an enclosable bin to be placed in a designated refuse/trash bin area. The designated area shall be located so that the bin will, to the extent possible, be readily accessible from the street.

Section 8. Prohibited Signs. No sign of any kind shall be displayed to the public view on or from any portion of the Site without the approval of City and appropriate City departments if any as required by the City Code.

ARTICLE IV
OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 1. Maintenance by Developer. Developer shall, at its sole cost and expense, maintain and repair the Site and the improvements thereon keeping the same in a decent, safe and sanitary manner, in accordance with the United States Department of Housing and Urban Development ("HUD") Uniform Physical Condition Standards (24 CFR 5.703) and as required under 24 CFR 92.251(a), and in good condition and making all repairs as they may be required by these CC&Rs and by all applicable City Code provisions including without limitation Uniform Code provisions. Developer shall also maintain the landscaping required to be planted in a healthy condition. If, at any time, Developer fails to maintain the Project or any portion thereof, and said condition is not corrected after the expiration of forty-five (45) days from the date of written notice from City, City may perform the necessary maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance. Payment shall be due within fifteen (15) days of receipt of an invoice from City.

Section 2. Damage and Destruction Affecting Project - Developer's Duty to Rebuild. If all or any portion of the Site and the improvements thereon is damaged or destroyed by fire or other casualty, it shall be the duty of Developer to rebuild, repair or reconstruct said portion of the Site and/or the improvements in a timely manner which will restore it to Code compliance condition.

In furtherance of the requirements of this Section 2, Developer shall keep the construction on the Site insured by carriers at all times satisfactory to City against loss by fire and such other hazards, casualties, liabilities and contingencies as included within an all risk extended coverage hazard insurance policy, in an amount of the full replacement cost of the constructions. In the event of loss, Developer shall give prompt notice to the insurance carrier and to City.

If the Site is abandoned by Developer, or if Developer fails to respond to City within thirty (30) days from the date notice is mailed by City to Developer that the insurance carrier offers to settle a claim for insurance benefits, City is authorized to collect and apply the insurance proceeds at City's option either to restoration or repair of the Site.

Section 3. Variance in Exterior Appearance and Design. In the event the Project sustains substantial physical damage due to a casualty event, Developer may apply to the City of Rocklin for approval to reconstruct, rebuild or repair in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. Time Limitation. Upon damage to the Site or the Project or other improvements, Developer shall be obligated to proceed with all due diligence hereunder and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond their reasonable control, in which event reconstruction shall be commenced and completed at the earliest feasible time; excepting in the event of a casualty causing very substantial damage that cannot reasonably be remedied within six (6) months from the commencement of construction, the period for construction shall be deemed extended for a reasonable time (but not to exceed twelve (12) months) to remedy such damage.

ARTICLE V
ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by City.

This Declaration does not in any way infringe on the right or duties of the City of Rocklin to enforce any of the provisions of the City Code including, but not limited to, the abatement of dangerous buildings.

City shall be deemed to be a third party beneficiary of this Regulatory Agreement. Except for City, there shall be no third party beneficiaries of this Regulatory Agreement.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of City's rights under law.

Section 3. Right of Entry. In addition to the above general rights of enforcement, City shall have the right through its agents and employees, to enter upon any part of the project area for the purpose of enforcing the California Vehicle Code, and the ordinances and other regulations of City, and for maintenance and/or repair of any or all publicly owned utilities. In addition, City has the right

of entry at reasonable hours and upon and after reasonable attempts to contact Developer, on any lot to effect emergency repairs or maintenance which Developer has failed to perform. Subsequent to sixty (60) days written notice to Developer specifically outlining Developer's noncompliance, City shall have the right of entry on the Site at reasonable hours to enforce compliance with this Declaration which Developer has failed to perform. City shall additionally have rights of entry as a landlord under the City Lease. This Section 3 is without limitation as to the exercise of police powers of City.

Section 4. Costs of Repair. The costs borne by City of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Developer shall be responsible.

Section 5. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 6. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 7. Enforcement and Nonliability. City may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, City will not be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

ARTICLE VI
GENERAL PROVISIONS

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Declaration shall run with and bind the interest of Developer in the Site, and shall inure to the owner(s) of any property subject to this Declaration, his legal representatives, heirs, successors and assigns, and as provided in Article VI, Sections 2 and 3, be enforceable by City, for a term equal to the Required Covenant Period as defined in the AHA, provided; however, that the covenants regarding nondiscrimination set forth in Section 4 of Article II of this Declaration shall remain in effect for perpetuity.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of rental housing available at Affordable Rent for Extremely Low Income Households, and, to the extent provided herein, Very Low Income Households, Lower Income Households, and if applicable Moderate Income Households in conformity with the Prescribed Income Levels. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Developer shall be obligated by this Declaration to comply with the provisions hereof, as well as the City Lease. In the event of conflict, Developer shall comply with the most stringent requirements, in each case.

Section 5. Amendments. This Declaration may be amended only by the written agreement of Developer, City.

Section 6. Encroachments. None of the rights and obligations of Developer created herein shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of Developer if said encroachment occurs due to the willful conduct of said Developer.

Section 7. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by certified mail. Notice to City shall be made by certified mail to the City Manager or his or her designee at 3970 Rocklin Road, Rocklin, California 95677 (with a copy to Robbins & Holdaway, Attention: Mark J. Huebsch, 201 F Street, Ontario, California 91762), and shall be effective upon receipt. Notice to Developer shall be made by certified mail to Community HousingWorks, a California nonprofit public benefit corporation, 3111 Camino del Rio North, Suite 800, San Diego, CA 92108, and shall be effective upon receipt. Such addresses may be changed from time to time by notice in writing.

COMMUNITY HOUSINGWORKS,
a California nonprofit public benefit corporation

By:_____
Mary Jane Jagodzinski
Senior Vice President

CITY:

CITY OF ROCKLIN, a municipal corporation

_____
Aly Zimmerman, City Manager

ATTEST:

APPROVED AS TO FORM:

_____
Sheri Chapman, City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

ALL THAT REAL PROPERTY SITUATE IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROCKLIN, DESCRIBED AS FOLLOWS:

That certain property consisting of approximately 1.83 acres of unimproved land in Rocklin, CA, Placer County Assessor's Parcel Numbers 010-121-001, 010-121-002, 010-121-004, 010-121-005, substantially described as follows:

Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 in Block D, Rocklin, as shown on the map thereof filed in the office of the County Recorder of Placer County.

Excepting therefrom those portions of lots 3 to 8 which lies within the 400 foot right of way of the Central Pacific Railroad as established by Congressional Grant of July 1862.

EXHIBIT B

MAP OF THE SITE

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 12

INCOME VERIFICATION

Part I -- General Information

1. Project Location: _____

2. Landlord's Name: _____

Part II -- Unit Information

3. Unit Number	4. Number of Bedrooms	5. Monthly Rent	6. Number of Occupants

Part III -- Affidavit of Tenant

I, _____, and I, _____, as applicants for rental of an Apartment Unit at the above-described location, do hereby represent and warrant as follows:

A. (My/Our) gross income (anticipated total annual income) **does not exceed thirty percent (30%)** of the median income for the Placer County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is $_____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Affordable Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

_____
Tenant(s)' Initials

B. (My/Our) gross income (anticipated total annual income) exceeds fifty percent (50%) but **does not exceed fifty-nine percent (59%)** of the median income for the Placer County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is $_____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Affordable Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

_____
Tenant(s)' Initials

1. All tenants must complete the following:

Monthly Gross Income **(All Sources of Income of All Adult Household Members Must be Listed)**

Source	**Head of Household**	**Co-Tenants**	**Total**
Gross amount, before payroll deductions of wages, salaries, overtime pay, commissions, fees, tips and bonuses			
Interest and/or dividends			
Net income from business or from rental property			
Social security, annuities, insurance policies, pension/retirement funds, disability or death benefits received periodically			
Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay			
Alimony, child support, other periodic allowances			
Public assistance, welfare payments			
Regular pay, special pay and allowances of members of Armed Forces			
Other			

Total: _____

Total x 12 _____ = Gross Annual Household Income

Note: The following items are **not** considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payments such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation),

capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; government benefits to a veteran for education; special pay to a serviceman head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: ROCKLIN, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

2. This affidavit is made with the knowledge that it will be relied upon by the Landlord to determine maximum income for eligibility and (I/we) warrant that all information set forth in this document is true, correct and complete and based upon information (I/we) deem reliable and that the estimate contained in paragraph 1 of this Part III is reasonable and based upon such investigation as the undersigned deemed necessary.

3. (I/We) will assist the Landlord in obtaining any information or documents required to verify the statements made in this Part III and have attached hereto copies of federal income tax return for most recent tax year in which a return was filed (past two years federal income tax returns for self-employed persons).

4. (I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with the Landlord to rent the unit and will additionally enable the Landlord and/or the City of Rocklin to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Date	Tenant
Date	Tenant

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under a multifamily housing program of the City of Rocklin and the City of Rocklin for persons of limited income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____

Overtime _____

Bonuses _____

Citys _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

_____ _____ _____
Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under a multifamily housing program of the City of Rocklin and the City of Rocklin.

_____ _____
Signature Date

Please send to:

_____
_____
_____

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

_____ _____

Signature Date

ATTACHMENT NO. 13

CITY PROMISSORY NOTE

_____, 202_ ("Date of Promissory Note") $_____
Rocklin, California

FOR VALUE RECEIVED, the undersigned COMMUNITY HOUSINGWORKS, a California nonprofit public benefit corporation, ("Maker" or "Developer"), having its principal place of business at 3111 Camino del Rio North, Suite 800, San Diego, California 92108, promises to pay to the order of the CITY OF ROCKLIN, a municipal corporation ("Payee" or "City"), at 3970 Rocklin Road, Rocklin, California 95677, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of [Two Million Six Hundred Thousand Dollars ($2,600,000.00)] (the "Original Principal Amount"), as well as additional amounts described in Section 1 below, together with interest on the unpaid principal amount of this Promissory Note ("Promissory Note") from time to time outstanding at the "Applicable Interest Rate," as defined in that certain Affordable Housing Agreement dated as of November 8, 2022 by and between City, the City of Rocklin, a municipal corporation ("City"), and Developer (the "AHA") in lawful money of the United States of America. This Promissory Note is being delivered pursuant to the AHA. The loan evidenced by this Promissory Note shall be governed by such provisions of the AHA (including without limitation the attachments thereto) as shall be applicable. Interest shall accrue on the Original Principal Amount at the Applicable Interest Rate commencing as of the Date of Promissory Note. All capitalized terms used herein shall have the meanings set forth therefor in the AHA. Interest shall accrue only on the City Loan Amount and such additional amounts as may become payable under Section 1 of this Promissory Note.

1. Additional Amounts. The principal due under this Promissory Note shall be increased by: (a) any "Reporting Amounts" (as defined in Article II, Section 3 of the City Regulatory Agreement; (b) an amount equal to one hundred fifteen percent (115%) of the amounts paid by City for insurance premiums or costs to repair and maintain the Development upon the failure by Developer to timely and fully provide insurance at the times and for the amounts provided therefor in the AHA; and (c) in the event an Audited Financial Statement shows an underpayment to City of five percent (5%) or greater of the amount paid to City for the corresponding Year, Developer shall pay to City: (i) City's costs (including accountant and consultant fees, attorneys' fees, and a reasonable estimation of the cost of staff time) incurred in connection with City's audit of Developer, and (ii) an amount equal to ten percent (10%) of the shortfall.

2. Payments.

(a) Payments of Additional Amounts due pursuant to Section 1 hereof shall be due and payable as of the last day of the Lease Year during which an obligation therefor first arises;

(b) Excepting to the extent earlier times apply to the payment of Additional Amounts pursuant to paragraph (a) of this Section 2, payments under this Promissory Note shall be due and payable as follows: payments of the Applicable Percentage of Residual Receipts payable on the first anniversary of the Date of the Promissory Note, and each anniversary thereafter until this Promissory Note has been satisfied in full. In addition, the entire amount of the City Loan together with accrued interest and any additional amounts which become owing hereunder shall be paid by

maker to Payee as of the fifty-seventh (57^{th}) anniversary of the Date of the Promissory Note (which fifty-seventh anniversary date constitutes the "Maturity Date" of this Promissory Note.

(c) Payments to City may, at the option of Payee, be accelerated and shall be due and payable hereunder in the event of the occurrence of any default under the AHA, the City Deed of Trust, this Promissory Note, the City Regulatory Agreement, or the City Covenants, which default continues past such notice or cure period as may be applicable under the AHA.

Notwithstanding anything to the contrary contained herein, to the extent not sooner paid hereunder, payment of all amounts accrued as of the Maturity Date shall be due and payable as of the Maturity Date.

3. Other Loan Documents; Limitation Upon Refinancing. Repayment of this Promissory Note is secured by a deed of trust (the "City Deed of Trust") of this date executed by Maker for the benefit of Payee encumbering the property described in the Deed of Trust (the "Property" or "Site").

Developer may not process a cash out refinancing during the Extension Period or a cash out refinancing which, while processed prior to the Extension Period, would, in the good faith judgment of Payee, adversely affect payments (including without limitation the amount thereof) to Payee during the Extension Period; any such refinancing constitutes a breach hereunder; provided that City may at its discretion consider a cash out refunding upon request made therefor by Maker based upon the facts and circumstances then present.

4. Prepayment. Maker shall have the right to prepay amounts owing under this Promissory Note at any time.

5. Due on Sale or Encumbrance. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements located thereon. Transfer shall not include the sale, transfer, assignment, pledge, hypothecation or encumbrance by Developer's limited partner of its partnership interest to the extent permitted by the AHA nor shall Transfer include the removal of any general partner of Developer by the limited partner for cause and the replacement of such removed general partner by another person or entity in accordance with the terms of Developer's partnership agreement to the extent permitted by the AHA. "Transfer" shall not include a Transfer permitted in the AHA or the leasing of individual Units on the Property so long as Trustor complies with the provisions of the City Covenants, the City Lease and the AHA relating to such leasing activity. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

6. Subordination to Multifamily Note. Developer and the Payee each makes the following representations and warranties to [name of lender's agent: to come], as Agent ("Agent"):

"The indebtedness evidenced by this Promissory Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Multifamily Note of even date herewith in the original principal amount of [approximately $_____] issued by Maker and payable to [to come] ("Senior Lender"), or order, to the extent and in the manner provided in that certain Subordination Agreement, dated as of _____, 202_, between the payee of this Promissory Note, and the Senior Lender and the maker of the Promissory Note (the "Subordination Agreement"). The mortgage or deed of trust securing this Promissory Note is and shall be subject and subordinate in all respects to the Assignment of Rents, Security Agreement and Fixture Filing securing the rights and remedies of the payee and each subsequent holder of this Promissory Note under the mortgage or deed of trust securing this Promissory Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Promissory Note shall be deemed, by virtue of such holder's acquisition of the Promissory Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Subordinate Lender under the Subordination Agreement."

In the event of the refinancing of the senior loan for an amount not in excess of the outstanding principal balance of the existing senior loan and reasonable and customary closing costs, City will execute an instrument or instruments evidencing the subordination of the indebtedness evidenced by this Promissory Note to such new senior loan.

7. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this Promissory Note and the rights and liabilities of the parties to this Promissory Note shall be governed by the laws of the State of California.

(b) Binding on Successors. This Promissory Note shall inure to the benefit of, and shall be binding upon, the successors and assigns of each of the parties to this Promissory Note.

(c) Attorneys' Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys' fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee's rights under this Promissory Note, including, without limitation, reasonable attorneys' fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys' fees, costs and expenses incurred to protect Payee's security and attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term "expenses" means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is

separate and several and shall survive the merger of this Promissory Note into any judgment on this Promissory Note.

(d) Entire Agreement. This Promissory Note and the relevant provisions of the AHA constitute the entire agreement and understanding between and among the parties in respect of the subject matter of such agreements and supersede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(e) Time of the Essence. Time if of the essence with respect to every provision hereof.

(f) Waivers by Maker. Except as otherwise provided in any agreement executed in connection with this Promissory Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this Promissory Note or in any proceeding against any of the rights or interests in or to properties securing payment of this Promissory Note.

(g) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of this Promissory Note or the City Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Promissory Note, the City Deed of Trust or the obligations secured thereby. A waiver of any term of this Promissory Note, the City Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Promissory Note and the terms of any other document related to the loan evidenced by this Promissory Note, the terms of this Promissory Note shall prevail.

(h) Non-recourse Liability of Developer. Notwithstanding anything to the contrary of this Promissory Note, neither Developer nor any of its partners shall be personally liable for any default, loss, claim, damage, expense or liability or any person and the sole remedy against Developer hereunder shall be limited to its interest in the Development.

(signature on following page)

COMMUNITY HOUSINGWORKS,
a California nonprofit public benefit corporation

By:_____
Mary Jane Jagodzinski
Senior Vice President

ATTACHMENT NO. 14

CITY DEED OF TRUST

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

City of Rocklin
3970 Rocklin Road
Rocklin, California 95677
Attention: City Manager

APN: SPACE ABOVE THIS LINE FOR RECORDER'S USE

Exempt from fee per Government Code section 27388.1(a)(2); recorded concurrently in connection with a transfer subject to the imposition of documentary transfer tax

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This DEED OF TRUST, made as of _____, 202_, among

COMMUNITY HOUSINGWORKS, a California nonprofit public benefit corporation, herein called TRUSTOR, whose address is:

3111 Camino del Rio North, Suite 800, San Diego, California 92108

STEWART TITLE GUARANTY COMPANY, a California corporation, herein called TRUSTEE, and

the CITY OF ROCKLIN, a municipal corporation, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Rocklin, County of Placer, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of [Two Million Six Hundred Thousand Dollars ($2,600,000.00)] with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each and every obligation, covenant, promise or agreement of Trustor contained in the City Regulatory Agreement and the City Covenants as recorded as to the Property of even date herewith, and that certain unrecorded Affordable Housing Agreement by and between the Beneficiary, the City of Rocklin ("City") and the Trustor dated as of November 8, 2022 (the "AHA"), which is on file with the Beneficiary as a public record and is incorporated herein by reference, or contained herein, and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. A breach

or default under the promissory note or a breach or default under the "Agreement" or any instrument referenced in Exhibit B hereto, which is attached hereto and incorporated herein by reference, or under any obligation to which this deed of trust is subordinated, shall be deemed to constitute a default hereunder.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Placer County in Book 1028 Page 379 among the Official Records of said County, shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

COMMUNITY HOUSINGWORKS,
a California nonprofit public benefit corporation

By:_____
Mary Jane Jagodzinski
Senior Vice President

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

LEGAL DESCRIPTION OF THE SITE

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

ALL THAT REAL PROPERTY SITUATE IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROCKLIN, DESCRIBED AS FOLLOWS:

That certain property consisting of approximately 1.83 acres of unimproved land in Rocklin, CA, Placer County Assessor's Parcel Numbers 010-121-001, 010-121-002, 010-121-004, 010-121-005, substantially described as follows:

Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 in Block D, Rocklin, as shown on the map thereof filed in the office of the County Recorder of Placer County.

Excepting therefrom those portions of lots 3 to 8 which lies within the 400 foot right of way of the Central Pacific Railroad as established by Congressional Grant of July 1862.

EXHIBIT B

RIDER TO DEED OF TRUST

Exhibit B to Deed of Trust with Assignment of Rents dated as of _____, 202_, executed by Community HousingWorks, a California nonprofit public benefit corporation, as "Trustor", to Stewart Title Guaranty Company, a California corporation, as Trustee, for the benefit of the City of Rocklin, a municipal corporation, as "Beneficiary" ("Deed of Trust").

1. **DEFAULT - OTHER DEEDS OF TRUST, DEED, COVENANTS CONDITIONS AND RESTRICTIONS (CC&Rs) AND AGREEMENT**. A default under any of the following shall, upon continuance thereof following the applicable notice and cure period under the AHA, at Beneficiary's option, constitute a default under this Deed of Trust:

   (a) A default under the AHA or any default under any City Promissory Note delivered under the Agreement, whether senior or junior to this Deed of Trust (all capitalized terms not defined herein shall have the meanings established therefor under the Agreement);

   (b) A default under the "City Regulatory Agreement" (as executed and recorded pursuant to the AHA);

   (c) A default under the "City Covenants" (as executed and recorded pursuant to the AHA); or

   (e) A default under the Lease (as entered into pursuant to the AHA).

2. **NON-IMPAIRMENT**. Except as supplemented and/or modified by this Deed of Trust, all of the terms, covenants and conditions of the Other Deeds of Trust and the other loan documents executed in connection therewith shall remain in full force and effect.

3. **DUE ON SALE OR ENCUMBRANCE**. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements situated on the Property. "Transfer" shall not include a Transfer permitted in the AHA or the leasing of individual dwelling units on the Property so long as Trustor complies with the provisions of the Agreement relating to such leasing activity and such transfers as are permitted under the City Regulatory Agreement. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

4. **PRIORITY OF DEED OF TRUST**. This Deed of Trust is subject and subordinate to the following:

(i) the City Regulatory Agreement; (ii) the City Covenants; and (iii) deeds of trust securing senior loans as approved by the City between [Wells Fargo Bank, National Association] and Trustor (a copy of each of which shall be maintained on file with the City).

5. **NOTICE AND CURE RIGHTS BY LIMITED PARTNERS**. Notwithstanding anything to the contrary contained in the Lease, City hereby agrees that any cure of any default made or tendered by Developer's limited partners shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer. Copies of all notices which are sent to Developer under the terms of the Lease shall also be sent to Developer's Limited Partner, at the following address: [to come: tax credit investor address].

CERTIFICATE OF ACCEPTANCE

This is to certify that the fee interest in real property conveyed under the foregoing Deed of Trust by Community HousingWorks, a California nonprofit public benefit corporation, as to the following property:

Real property in the City of Rocklin, County of Placer, State of California, described as follows:

[to come]

is hereby accepted by the City Manager of the City of Rocklin (the "City") on behalf of the governing board of the City pursuant to authority conferred by action of the governing board of the City on November 8, 2022, and the Grantee consents to recordation thereof by its duly authorized officer.

CITY OF ROCKLIN,
a municipal corporation

By:_____
Aly Zimmerman
City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 15
Insurance During Lease Term

Developer shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Developer's operation and use of the leased premises. The cost of such insurance shall be borne by the Developer.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability** (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than **$1,000,000** per accident for bodily injury or disease. (This applies to lessees with employees).
3. **Property insurance** against risks of loss (ISO "Special Form" perils) to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provision.

If the Developer maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Developer.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the Developer's **insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Developer's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, unless 30 days prior written notice has been provided to Developer (except 10 days for nonpayment of premium), and Developer shall in turn provide such notice to the City.

Waiver of Subrogation

Developer hereby grants to City a waiver of any right to subrogation which any insurer of said Developer may acquire against the City by virtue of the payment of any loss under such insurance. Developer agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. The City may require the Developer to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds Two Hundred Fifty Thousand Dollars ($250,000) unless approved in writing by City. Any and all deductibles and SIRs shall be the sole responsibility of Developer who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City may deduct from any amounts otherwise due Developer to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers approved to conduct business in the state with a current A.M. Best's rating of no less than A-:VII, unless otherwise acceptable to the City.

Verification of Coverage

Developer shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements**. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Developer's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Special Risks or Circumstances

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

ATTACHMENT NO. 16

Insurance During Construction

Developer shall procure or provide evidence to confirm that Developer or contractor(s) has procured and will maintain for the duration of the contract, and for 5 years thereafter, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Developer and/or Developer's contractor, his agents, representatives, employees, or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability** (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **$5,000,000** per occurrence. Such limits may be achieved through the combination of primary general liability and one or more umbrella/excess liability policy(ies).
2. **Automobile Liability**: Insurance Services Office Form CA 0001 covering all owned (if any), non-owned and hired automobiles, with limits no less than **$5,000,000** per accident for bodily injury and property damage. Such limits may be achieved through the combination of primary general liability and one or more umbrella/excess liability policy(ies).
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than **$1,000,000** per accident for bodily injury or disease.
4. **Builder's Risk** (Course of Construction) insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions.
5. **Surety Bonds** as described below.
6. **Professional Liability** (if Design/Build), with limits no less than **$2,000,000** per occurrence or claim, and **$2,000,000** policy aggregate. This coverage is to be provided by the Architect and/or Design-Build General Contractor providing such professional services.
7. **Contractor's Pollution Liability** and/or Asbestos Legal Liability (if project involves environmental hazards) with limits no less than **$1,000,000** per occurrence or claim, and **$2,000,000** policy aggregate. This coverage will be provided by the General Contractor.

If the Developer or contractor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the either. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. The City may require the Developer or contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City. The CGL and any policies, including Excess

liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds Two Hundred Fifty Thousand Dollars ($250,000) unless approved in writing by City. Any and all deductibles and SIRs shall be the sole responsibility of Developer or contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City may deduct from any amounts otherwise due Developer or contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named Insured. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City reserves the right to obtain a copy of any policies and endorsements for verification.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Developer or contractor including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of the Developer or contractor. General liability coverage can be provided in the form of an endorsement to the Developer or contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).
2. For any claims related to this project, the **Developer or contractor's insurance coverage shall be primary and non-contributory** insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Developer or contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.
3. Each insurance policy required by this clause shall provide that coverage shall not be canceled, except with notice to the City.

Builder's Risk (Course of Construction) Insurance

Developer or contractor may submit evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall **name the City as a loss payee** as their interest may appear.

Claims Made Policies

If any coverage required is written on a claims-made coverage form:

1. The retroactive date must be shown, and this date must be before the execution date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
3. If coverage is cancelled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective, or start of work date, the Developer or contractor must purchase extended reporting period coverage for a minimum of five (5) years after completion of contract work.
4. A copy of the claims reporting requirements must be submitted to the City for review.

5. If the services involve lead-based paint or asbestos identification/remediation, the Developer or contractors Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Developer or contractors Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

Umbrella or Excess Policies

The Developer or contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Developer or contractor's primary and excess liability policies are exhausted.

Acceptability of Insurers

Insurance is to be placed with insurers approved to conduct business in the state with a current A.M. Best rating of no less than A-: VII, unless otherwise acceptable to the City.

Waiver of Subrogation

Developer or contractor hereby agrees to waive rights of subrogation which any insurer of Developer or contractor may acquire from Developer or contractor by virtue of the payment of any loss. Developer or contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. **The Workers' Compensation policy shall be endorsed with a waiver of subrogation** in favor of the City for all work performed by the Developer or contractor, its employees, agents and subcontractors or contractors.

Verification of Coverage

Developer or contractor shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements**. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Developer or contractor's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Subcontractors

Developer or contractor shall require and verify that all subcontractors maintain insurance meeting all requirements stated herein, and Developer or contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors or contractors shall provide coverage with a form at least as broad as CG 20 38 04 13.

Duration of Coverage

CGL & Excess liability policies **for any construction related work, including, but not limited to, maintenance, service, or repair work**, shall continue coverage for a minimum of 5 years for

Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***

Surety Bonds
Developer or contractor shall provide the following Surety Bonds:

1. Performance Bond
2. Payment Bond
3. Maintenance Bond

The Payment Bond and the Performance Bond shall be in a sum equal to the contract price. If the Performance Bond provides for a one-year warranty a separate Maintenance Bond is not necessary. If the warranty period specified in the contract is for longer than one year a Maintenance Bond equal to 10% of the contract price is required. Bonds shall be duly executed by a responsible corporate surety, approved to issue such bonds in the State of California and secured through an authorized agent with an office in California.

Special Risks or Circumstances
City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances.